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NEWS SUMMARY

GENERAL

Spain appoints military chiefs

Spain's Cabinet approved the appointment of three military divisional commanders in wider changes than expected.

Madrid's commander will be Gen Ricardo Arozarena Giron. As Barcelona's captain-general he was among the first to side against rebels in the 1981 attempted coup.

Gen J. A. Saenz de Santamaria took command of Barcelona. He commanded the national police and is a staunch supporter of democracy. Gen Luis Pinilla will command Valladolid.

Gaza deaths

Two Palestinians were killed and 40 wounded by Israeli troops in the Gaza Strip. Israel's Premier Begin appeared optimistic that withdrawal from Sinai would proceed on April 25. Page 2

Pressmen missing

Three UK journalists—Simon Winchester of the Sunday Times and Ian Mather and Tony Prime of The Observer—are believed missing in Argentina.

More home loans

Building society lending in March rose. The societies advanced £1.06bn to home-buyers and committed themselves to lending £1.49bn. Page 3

Mellish decision

Labour MP. Bob Mellish will resign his Southwark Bermondsey seat this year. Page 3

Swapo raid

Ten South-West Africa People's Organisation guerrillas and six defence force soldiers were killed as 100 black nationalists continued to penetrate 75 miles into a white farming area near Tsumeb, Namibia.

Policeman dies

Ulster police sergeant David Brown, 35, died 16 days after being ambushed by IRA gunmen in Belfast.

Press link cut

Links with Singapore's Straits Times Group were severed by the Melbourne group Herald and Weekly Times. The move is because of the appointment as Straits Times executive chairman of a former Singapore intelligence chief who retired, aged 57, as Foreign Ministry Permanent Secretary.

Wimbledon hope

Wimbledon officials still hope Bjorn Borg will change his mind and not miss this year's championships rather than play in the qualifying tournament.

Quebec call

Three hours after the Queen's arrival in Canada, Quebec Premier Rene Levesque called for independence for the province.

Mitterrand pledge

President Mitterrand told Japan's parliament France could not give up its defensive nuclear weapons. France and Japan closer on technology, Page 2

Briefly . . .

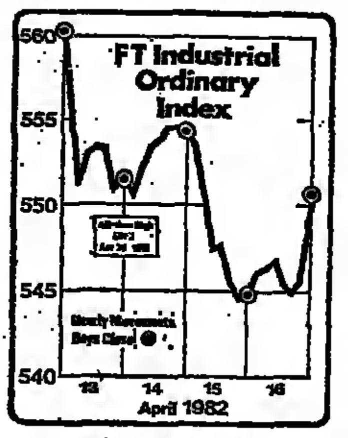
Brunei raid's 40th anniversary will be marked there on June 20 in ceremonies attended by Prince Charles and President Mitterrand.

Peasant aged 140, who said he worked on Bagamoya slave caravans, died in Tanzania.

BUSINESS

Equities steadier; £ still nervous

● EQUITIES finished on an extremely quiet but steadier note, helped by rumours of a solution to the Falklands crisis. The FT 30-share index closed 5.9 higher at 550.7. Page 28



● GILTS tended easier, but losses were pared in late dealing. The FT Government Securities index closed 0.09 lower at 66.50. Page 28

● STERLING fluctuated to close at $1.761 ($1.762). It was unchanged at FFr 11.095, but slipped to DM 4.2675 (DM 4.2725, and SwFr 3.46 (SwFr 3.4825). Its trade-weighted index was 90.3 (89.9). Page 27

● DOLLAR closed at DM 2.4215 (DM 2.4235), SwFr 1.976 (SwFr 1.975) and Y247.7 (Y248.25). Its index slipped to 116.3 (116.5). Page 27

● GOLD fell 75 cents to $362.5 in London. Page 27

● WALL STREET was 3.43 higher at 843.04 shortly before the close. Page 24

● FRENCH EMPLOYERS have been awarded substantial concessions by Prime Minister Pierre Mauroy in an effort to stimulate investment and win the backing of private industry. Back Page

● PORTUGAL has been told by M Gaston Thorn, president of the EEC Commission, that it must work very hard if it wants to join the Community by 1984. Page 3

● INDIA'S critical shortage of foreign currency is being eased by the IMF, which is allowing an early drawing on its credit. Back Page

● EMPLOYERS do not think the closed shop in industry damages the economy, according to Mr David Waddington, Under-Secretary of State for Employment. Page 4

● ITALIAN net industrial production fell 2.3 per cent in 1981 according to statistics issued in Rome.

● BOSKALIS WESTMINSTER, the Dutch contracting group, reported a sharp fall in 1981 net profit to Fl 20.4m (£4.3m) from Fl 51.5m in 1980 despite higher turnover. Page 25

● PIRELLI, the Italian tyre and cable group, has announced a sweeping reorganisation to unify its international management a year after its separation from Dunlop. Page 25

● REFUGE ASSURANCE is making an agreed bid of £13.8m to acquire over 5m shares of General and Commercial Investment Trust. Page 22

● NORTHERN FOODS is buying for £1.875m the pie, flan and sausage business of FCM, the meat processing group. Page 4.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Cawoods	280	+ 17
Channel Tunnel	95	+ 10
Gen. & Comcl. Inv.	240	+ 16
GEC	805	+ 13
GKN	157	+ 4
Hawker Siddeley	296	+ 6
Land Securities	278	+ 6
Mixconcrete	99	+ 8
Pearson Longman	382	+ 9
P. & O. Defd.	131	+ 5
Plessey	367	+ 7
Ruberoid	142	+ 7
St. George's Group	116	+ 5
Thorn EMI	427	+ 7
Candecca	185	+ 7
Carless Capel	178	+ 15
RTZ	424	+ 5
Transv'l Cons. Lnd.	£21½	+ 1½
FALLS		
Currys	168	− 6
Redland	161	− 14
Refuge Assurance	220	− 8
Watmoughs	152	− 8
LASMO	312	− 11
Moray Firth	17	− 6

Hopes improve for U.S. peace efforts

BY JIMMY BURNS AND ANDREW WHITLEY IN BUENOS AIRES

U.S. EFFORTS to avert war between Britain and Argentina over the Falkland Islands appear to have taken on a new lease of life.

Indications of possible progress came yesterday when it was learned that Gen Leopoldo Galtieri, the Argentine President, told President Ronald Reagan on Thursday night that Argentina wanted a peaceful settlement of the two-week crisis.

He said it should be based on Britain's United Nations resolution calling for withdrawal of Argentina's occupation forces and an end to hostilities.

Gen Galtieri's offer came only hours before the return to Buenos Aires of Mr Alexander Haig, U.S. Secretary of State, for what was expected to be a crucial leg of his shuttle peace mission.

Yesterday's talks between Mr Haig and Gen Galtieri took place against a background of the sailing of the Argentine fleet, which threatened a possible clash with the approaching British task force already in the South Atlantic.

Elements of the Royal Navy fleet were seen yesterday off Ascension Island, 3,500 from the Falklands.

After an early morning meeting with Gen Galtieri, described by a spokesman as "frank and useful," the Argentine and U.S. teams got down to working out details of a framework agreement to be taken to London, possibly over the weekend.

The package likely to be put speedily to Mrs Margaret Thatcher is expected to include a proposal for a tripartite group to administer the islands temporarily.

It was suggested here yesterday that these could involve British, U.S., and Argentine officials, though in the past Britain has resisted this idea.

The package may recommend replacement of Argentine troops on the island by a third-party peacekeeping force.

Such a package would be aimed at preparing the ground for a longer-term agreement on the crucial issue of sovereignty and the permanent administration of the islands.

It would leave open for further discussion the participation of the islands in such an administration, and how they would exercise their right to self-determination.

Yesterday afternoon Mr Haig was expected to return to the Argentine Foreign Ministry for further meetings with Sr Nicanor Costa Mendez, the Argentine Foreign Minister.

When be arrived in Buenos Aires Mr Haigh called for a "supreme effort" and for "great flexibility on both sides."

Sr Costa Mendez simply said he was more optimistic than on the previous day.

How long the U.S. team will stay in Buenos Aires is still undecided, though one report suggested that Mr Haig might fly overnight to London if sufficient progress was made.

Differences are believed to have emerged within the Argentine armed forces this week over the wisdom of a military confrontation with Britain.

There was growing apprehension that an extension of the conflict could lead to a long-term Soviet gain in the region.

Pressure on Gen. Galtieri to adopt a more conciliatory

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Editorial comment, Page 20
Clash of two navies, Page 20

Workers at Massey Ferguson tractor plant vote to end strike

BY ARTHUR SMITH, MIDLAND CORRESPONDENT

WORKERS at Massey Ferguson's Coventry tractor plant voted overwhelmingly yesterday to end their damaging strike after the company offered to withdraw compulsory redundancy notices.

The dispute, which cost £10m in lost production, has drawn repeated warnings from the management that the future of the company was at risk.

Shop stewards who called yesterday's mass meeting to urge continuation of the strike instead recommended an agreement thrashed out in more than eight hours of talks with the management. But there was a dispute last night over the exact terms of the deal.

Mr Jimmy Dunn, the convenor, reported to the meeting that the militant action had saved 111 jobs. He said that the company bad merely accepted broad proposals put forward by the unions before the dispute began.

Massey Ferguson disagreed, however. It claimed that dismissal notices had been lifted on 111 workers because volunteers for redundancy had come forward from other parts of the factory.

The company had successfully achieved the planned cut of 475 jobs necessary to make the plant internationally competitive.

The 3,300 manual workers walked out more than two weeks ago when the company implemented compulsory redundancies for the first time. The unions, which insisted that work sharing was an alternative, barricaded the gates to the plant and prevented entry of the 700 staff.

Throughout the strike, the company has seen volunteers as the way to defuse the confrontation and has taken accommodation in a Coventry hotel to deal with applications.

Coventry union officials, while uncertain about the details of the deal, saw the outcome as "a significant victory" after a succession of reverses

Mr George Getlevog, Coventry district organiser of the Transport and General Workers Union, said at least the workers had stood firm to resist compulsory redundancies. "The company has merely copied everything done so successfully by Sir Michael Edwardes, the BL chairman. But it has backfired. As the strike has gone on, workers have been more determined to stay out," he said.

He pointed to management letters to workers warning that work would be transferred to overseas plants, the doubts cast upon the motives of shop stewards, and the decision to conduct a secret postal ballot under the auspices of the Electoral Reform Society.

"This has bred an attitude of defiance. If the company wants to play it that way, we have nothing to lose and will take them on," Mr Getlevog said.

Union leaders concede such a mood is surprising, given the record unemployment in Coventry approaching 16 per cent and company warnings that at least 4,000 jobs in the city are at risk.

Massey Ferguson emphasised last night the importance of a resumption of work in order to restore confidence in the efficiency and reliability of the Coventry plant.

Redland bids for Cawoods

BY RAY MAUGHAN

REDLAND emerged yesterday as the bidder for Cawoods Holdings and has agreed share terms which currently value the fuel distribution and building materials group at £137.5m.

But the bidder is not taking on one of Cawood's principal assets, a holding in LASMO, and the 9.1 per cent stake in the oil and gas exploration and production group which is worth £20.5m can be retained by Cawood shareholders.

The proposed deal is very much the creation of Baring Brothers, the long-standing merchant banking advisor to both Redland and Cawoods. Redland has now engaged Morgan Grenfell to conduct its offer. But its former advisor proposed the idea first to Mr Edward Binks, the chairman and chief executive of Cawoods, before inviting Redland, the roofing tiles, aggregates and clay bricks group, "to see if we wanted to talk," Mr Colin Corness, Redland's chairman, said yesterday.

Baring's plan fell on fertile ground. Mr Binks, aged 69, had, be said, "come to the conclusion some time ago that if a suitable predator or marriage partner came along, this was the time to accept it." Cawoods, he said, had reached the point "where major opportunities for expansion could more readily be taken as a member of a larger group."

Talks with Ultramar, the oil producer, broke down a year ago. Cawoods had also looked at Blue Circle Industries' aggregates business, finally acquired for £37.6m this week by Amey Roadstone. Its approach to Hoveringham Gravel, presented jointly with RMC, was topped by a bid from Tarmac.

Mr Corness said that, at first sight, the LASMO stake added too many complications, but the bidder was now "allowing the energy stake to pass through our hands."

Cawoods insisted that its own shareholders be given an opportunity to retain their interest in LASMO and, for Redland's part, Mr Corness said, "We were certainly not prepared to pay a premium to hold a stake in a company which we could buy through the market."

The proposed deal has not yet been taken to the Office of Fair Trading although the two companies are now preparing information for the department.

Redland is not involved in fuel distribution which is Cawood's core business, contributing just over half its £13.5m profit before tax in the year to March and a major force in the rise to £16.4m in the financial year just ended.

Coal and oil distribution will give Redland a fourth division, the bidder stated, which would not only counter the building industry's weakness through a harsh winter but would add a strong cash flow business.

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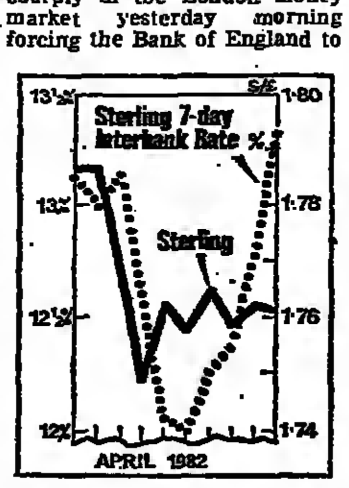
Bank acts on interest rates

By William Hall and John Moore

THE BANK of England acted to stem a further rise in short-term interest rates yesterday at the end of a nervous week in the financial markets which have been overshadowed by the political uncertainties of the Falkland Islands crisis.

Short-term interest rates rose sharply in the London money market yesterday morning forcing the Bank of England to step in and prevent any significant rise in interest rates.



During its money market operations in the morning it cut its minimum intervention rate for the shortest paper it buys, known as Band 1 bills, by ⅛ of a per cent—the first reduction since early March.

In addition, after lunch it took the unusual step of "cutting the top off" the weekly Treasury bill tender and reducing the amount of paper it issued. Although the discount houses bid for £256m of the £100m bills on offer, the Bank only allotted £60m, presumably because it did not like the rates offered by the discount houses.

It is rare for the Bank not to issue all the bills it offers and the market interpreted the move as an effort to stabilise the nervous money markets. The initiative appeared to work and

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£ in New York

—	April 15	Previous
Spot	$1.7610-7625	$1.7645-7660
1 month	0.34-0.59 pm	0.38-0.57 pm
3 months	0.79-0.84 pm	0.78-0.83 pm
12 months	2.35-2.45 pm	2.45-2.65 pm

Health service faces major pay battle

BY IVO DAWNAY, LABOUR STAFF

THE PROSPECT of a major pay battle between the Government and health service workers grew yesterday when the National Union of Public Employees' executive voted unanimously to recommend industrial action to its 300,000 NHS members.

The decision follows the announcement on Tuesday that the 230,000-strong Confederation of Health Service Employees, will take sanctions, including a ban on non-emergency admissions, from April 26.

Local branches of Nupe are expected to back their executive's recommendation within a fortnight.

The growing militancy in the health service comes after the breakdown of talks with management over a 12 per cent pay claim put jointly by all 14 NHS unions at meetings of the National Whitley Council.

The employers remain adamant that they cannot improve their offer of 6.4 per cent for nurses and 4 per cent for ancillary workers and other groups. They have also refused to allow the 12 per cent claim to go to independent arbitration.

Other health service unions are expected to back industrial action, after the big response to a one-hour national stoppage called by the TUC's health services committee on Wednesday.

However, Mr Norman Fowler, the Social Services Secretary, said this week the unions' claim was "unrealistic." Jobs would be lost if a higher settlement was agreed, he added.

The Government's rigidity has angered the unions because some public sector pay settlements have exceeded the 4 per cent limit. In addition, the civil servants' and teachers' claims have been allowed to go to arbitration.

The unions believe the £81.9m addition to the budget for health service pay, made last month, is an attempt to isolate the more militant ancillary workers from the public support enjoyed by non-striking nurses. The vast majority of the extra cash will go to Britain's 450,000 nurses.

Mr Alan Fisher, Nupe's general secretary, said the form of industrial action would be decided after consultations with members and the TUC's health services committee. But it could include strike action.

"The outcome will be hospitals dealing with emergency cases only and it will inevitably slow down the health service and bring it to a stop," he warned.

Mr Fisher said the Government had brought the action on itself by refusing to take "the only honourable course" of allowing the claims to go to arbitration.

He said some health workers would get only 79p extra in take home pay each week, if they accepted a 4 per cent rise.

Chloride Gaedor to close or sell 49 depots

BY DUNCAN CAMPBELL-SMITH

CHLORIDE GAEDOR'S nationwide chain of electrical accessory depots for the motor trade is to be cut in a drastic reorganisation by the parent Chloride group, one of Britain's major battery manufacturers.

Chloride intends to close or sell 49 of its 70 depots—some of which have serviced motorists as well as the trade.

Sales of one or more depots to their management are under discussion. Chloride said some key suppliers had also expressed interest in the chain, which has lost over £2m in the past 12 months.

The group made clear yesterday that the level of redundancies would depend on the outcome of the sales talks. The chain has 850 workers but only 100 will be employed in the 21 depots Chloride will retain.

These 21 will be restricted to the wholesale distribution of Exide batteries, the largest of the group's three automotive battery makes and a national brand leader.

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S. Africa plans R5bn power projects

By Bernard Simon in Johannesburg

SOUTH AFRICA'S Electricity Supply Commission has announced four projects to expand its generating capacity by almost 10,000 megawatts at a cost of over R5bn (£2.8bn).

The projects include two new coal-fired power stations, each with a capacity of 3,600 MW, a 400-MW pump storage scheme which will also improve Cape Town's water supply, and a 1,800 MW extension to the Lethabo Power Station, at present under construction.

One of the new power stations will be sited in the south-eastern Transvaal, and the other in the northern Orange Free State, south of Vereeniging.

Anglo-American Coal Corporation and Transvaal Consolidated Lands, a subsidiary of Barlow Rand, have been awarded contracts to supply coal to the two plants, and each will build a new colliery.

Mugabe names new Ministers

By Our Salisbury Correspondent

ON THE eve of the second anniversary of Zimbabwe's independence, Mr Robert Mugabe, the Prime Minister, has announced new Cabinet appointments designed to win support from the country's 175,000 whites and the Zapu political party led by Mr Joshua Nkomo.

The new appointments include full Cabinet rank for three Nkomo (Zapu) supporters and one white. Mr Chris Anderson, a former Ian Smith Cabinet Minister, has been appointed Minister of State in the Prime Minister's Office with special responsibility for the public service.

Another former supporter of Mr Smith—Mr John Landau—has been made Deputy Minister for Trade and Commerce.

Dr Calistas Ndlovu, a supporter of Mr Nkomo, has been made Minister of Construction. Mr Cephas Msipa, formerly Deputy Minister of Manpower, has been promoted to the full Cabinet position of Minister of Water Resources and Development.

Mr John Nkomo (no relation of Mr Joshua Nkomo) has been made Minister of State in the office of the Premier.

France and Japan move closer on technology

BY RICHARD C. HANSON IN TOKYO

FRANCE and Japan have moved toward closer ties in a broad range of scientific, technological and cultural matters. The historic state visit of M Francois Mitterrand, the French President, this week appears to have produced only "friendly gestures" in the strained area of bilateral trade.

M Mitterrand wound up the first part of the visit, the inaugural official trip by a French head of state, saying at a Press conference that France and Japan were "partners before competitors." He warned that if Japan did nothing to reduce its large trade surplus with Europe "barriers" will be put up.

On the other hand, the President said the responsibility for France increasing its presence in Japan lies "primarily with the French. Really we don't know much about Japan," he said candidly.

The assessment in Japan is that the most important result of the talks held between the two leaders and four Ministers, on each side was that France has shown a much greater interest in closer bilateral relations than in the past.

The French are especially keen on joint technology and science development in such fields as nuclear power, life sciences and new materials. The two sides have already agreed to cooperate on joint exploration of the sea bed around Japan, starting in 1984, a long discussed project. It is not yet clear, however, how many new projects may get under way.

In order to bolster cultural exchanges, each government agreed to build a cultural centre in the other's country. M Mitterrand said that study of the Japanese language would be emphasised in France.

On the trade front neither side was quite as effusive, but on balance, each appeared anxoius to avoid direct clashes.

Japan offered to cut the tariff on brandy by roughly the same 10 per cent allowed for imported whisky in an earlier package of tariff reductions. France diplomatically shifted a demand for imports of a special type of restricted wheat flour used in making French bread.

The Japanese Government expressed its "hope" that major French products, such as helicopters and airbuses, will be considered for purchase by the private sector in Japan,

M Mitterrand today will tour a Japanese Government science and technology centre outside Tokyo, in Tsukuba.

President Francois Mitterrand (right) and Japan's Prime Minister, Mr Zenko Suzuki meet for talks,

Honda and Peugeot subsidiary sign two pacts

BY YOKO SHIBATA IN TOKYO

HONDA MOTOR, the world's largest motorcycle manufacturer, and Cycles Peugeot, a subsidiary of France's Peugeot motor group, have signed two final agreements on two-wheeled motor vehicles (mopeds and scooters), Honda said yesterday.

Under the first: Cycles Peugeot will undertake the manufacturing of two types of two-stroke engines for use in Honda mopeds heing assemhled at the Honda Benelux plant in Belgium.

The significance of the agreement is the increase in the provision of locally-supplied components in Honda's Benelux mopeds by shifting production sources of moped engines from Japan to France.

Cyeles Peugeot will start making one of the two types of engine in November for Honda's PX-50 mopeds. Production of the other engine, which is still being developed by Honda, is expected to begin next February to be mounted on a new model to be manufactured by the Honda Benelux plant.

Some 50,000 engines will be supplied annually by the French company.

The main feature of the second agreement is that Cycles Peugeot will produce a scooter with either 50 cc or 80 cc engines, all under licence from Honda. They will he marketed in Europe under Cycles Peugeot's brand name through Cycles Peugeot's sales networks.

Production is scheduled for spring 1983, with an annual production target of 20,000 units. Honda will export its own scooters to Europe, but it hopes eventually to assemble them at Honda'a Benelux plant in Belgium with engines purchased from Cycles Peugeot.

Mr William Desazars, executive vice-president of Cycles Peugeot, said the agreement followed 14 months of talks.

Israelis kill two and wound 40 in Gaza Strip

BY PATRICK COCKBURN IN JERUSALEM

TWO PALESTINIANS, one a hoy, were killed, and at least 40 wounded by Israeli soldiers in the Gaza Strip yesterday in continuing protests over the Easter Sunday shooting on the Temple Mount.

In Jerusalem there was heavy security in the old city to ensure that Friday prayers in Al-Aksa mosque on the Temple Mount passed off peacefully. Lines of police and soldiers turned away all those under 30 years of age seeking to enter the precincts of the mosque. Only 2,000 were able to attend the prayers, compared with a normal congregation of about 10,000.

Israeli troops had taken up positions in buildings overlooking the Temple Mount area, where only Moslems are allowed to worship. Lines of police in white riot helmets and carrying long batons kept out most of those who had come to pray and the prayer leader was warned against delivering an inflammatory speech.

In Jerusalem, the Gaza Strip and the West Bank, almost all shops and businesses remain closed, obeying the call for a seven-day strike made by the local Islamic Higher Council after Sunday's shooting.

The anthorities now confirm that one of the two Palestinians shot dead last Sunday was not killed by Alan Goodman, an Israeli soldier of American origin. This is evidence for claims hy Moslem leaders that, in addition to Goodman, other armed Jewish extremists took part in the shooting. The Israeli army has also come under criticism for indiscriminate firing while breaking up the demonstration which followed Goodman's arrest.

The Israeli army has also heen atacked for its actions in trying to suppress the strike in the Golan Heights by 13,000 villagers, members of the heterodox Moslem Druze sect. They have refused to accept Israeli identity cards since the area was annexed to Israel in December.

Mr Haim Cohn, former deputy president of Israel's Supreme Court and chairman of the Association for Civil Rights in Israel, has denounced the treatment of the Druze as "the law of barbarians." The resistance of the Druze, who had co-operated fully with the Israeli administration between the capture of the area from Syria in 1967 and annexation last year, is now causing the Government serious embarrassment.

On the diplomatic front, Mr Menahem Begin, the Israeli Prime Minister, appeared optimistic yesterday that withdrawal from Sinai would go ahead as scheduled on April 25. This followed receipt of a letter from President Hosni Mubarak of Egypt, delivered by Egyptian Minister of State for Foreign Affairs, Dr Butros Ghali.

Israel would apparently like to get some form of written commitment from Egypt that normal relations with Israel will continue after the Sinai withdrawal, no hostile propaganda will be allowed, and no support given to the Palestine Liberation Organisation, hut officials would not confirm this yestarday.

Charles Richards adds from Cairo: The U.S. Deputy Secretary of State, Mr Walter Stoessel, flew into Cairo this afternoon to try to settle last-minute disagreements between Egypt and Israel over Israel's scheduled withdrawal from Sinai in a little over a week's time. He arrived on the same aircraft from Jerusalem as the Egyptian Minister of State for Foreign Affairs, Dr Boutros Ghali, who had been hurriedly sent to discuss differences between the two countries, particularly over the demarcation of their border at Taba, south of Eilat.

On his return to Cairo, Dr Ghali said that he had held positive talks with Mr Stoessel, whose presence in the region reflects America's concern that all should go smoothly in this critical phase.

For his part, Mr Stoessel said, "I am pleased to have talked informally with Dr Ghali, and I am hopeful that recent talks hetween Egyptian and Israeli officials will result in resolution of the present difficulties. As full partner, our goals are the completion of the Camp David process and establishment of a true and lasting peace in the region."

Ford raises car prices in West Germany by 3.9%

BY KEVIN DONE IN FRANKFURT

FORD-WERKE, the West German subsidiary of Ford of the U.S., has followed the market leaders Volkswagen and Opel by imposing its second round of price increases in less than four months.

All three volume car makers have suffered from plunging profits in the last two years—Opel announced eariler this week an after-tax loss of DM 592.8m. (£137.6m) for 1981—caused partly by the recession in the domestic car market.

The rises, which follow national wage settlements in the car industry and sharply rising steel prices, have heen imposed despite the fact that many car dealers are still offering considerable discounts.

Ford said yesterday that it is raising its car prices by an average of 3.9 per cent. Its last price increase of 1.9 per cent came into effect on January 2.

Despite opposition from its workforce, Volkswagen has raised its prices twice in the last four months—by 2.3 per cent in December and 3.9 per cent at the end of March. Opel followed suit this week with a price rise of 3.8 per cent after an increase of 2.5 per cent in January.

The price rises have been pushed through despite the depressed state of the domestic car market. New car registrations dropped hy 3.9 per cent to 2.33m last year following a drop of 7.5 per ceot in 1980.

Gandhi visits Saudi Arabia

Prime Minister Indira Gandhi leaves today at the head of a high-powered Indian delegation for a four-day visit to Saudi Arabia in a hid both for large investments and to ohtain Arab political support fir India's role in sonth Asia. Mrs Gandhi is also hoping that the Saudis will not hack Pakistan's efforts to rearm.

At present, Saudi investment in India is marginal while Indian firms have only a negligihle role in Saudi Arabia's development plans because of that country's preference for the West and Japan. The Indians have concrete plans for investments inclnding civil construction projects in India and Saudi Arahia.

Sharp fall in U.S. corporate profits

BY ANATOLE KALETSKY IN WASHINGTON

PROFITS OF U.S. industrial and financial corporations fell sharply in the last quarter of 1981 to a seasonally adjusted annual rate of \$177.6bn (£100.8hn) after stock and depreciation adjustments.

Profits for 1981 as a whole were \$191.7bn, slightly higher than the 1980 figure of \$182.7bn, after stock adjustments and depreciation.

Statistics on corporate profits released yesterday by the Commerce Department showed that profits in the fourth quarter of last year were somewhat lower than the preliminary estimates issued a month ago.

The breakdown by industries showed that manufacturing corporations suffered a decline of \$17.1bn in profits between the third and fourth quarters, with petroleum, metal industries and consumer durables hardest hit. Motor manufacturers' losses were somewhat smaller in the fourth quarter than in the third quarter of last year.

Profits of financial corporations decreased by \$0.5bn between the third and fourth quarters, compared with a fall of \$1.8bn in the third quarter. Most of the fall was due to large losses by the savings and loan associations.

THE FALKLANDS CRISIS

Call for U.S. to back Britain if talks fail

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

A GOVERNMENT Whip called yesterday for the U.S. Administration to get off the fence if diplomacy fails and actively support Britain in its dispute with Argentina.

Mr John Stradling Thomas, the Deputy Chief Whip, said that while Britain appreciated Mr Haig's effort, it must be made quite clear to President Reagan that the U.S. must fulfil its role "on the side of democracy, whatever the niceties of diplomacy demand in Central America."

It is unusual for Whips to speak in public. Their job is to listen to the views of backbenchers. Mr Stradling Thomas's speech reflects the belief of many Tory MPs that ultimately America will have to abandon its neutral role and come down positively on the side of Britain as one of its most important allies.

This view, which has also been gaining support in the U.S., was expressed at Westminster in Wednesday's emergency debate on the Falkland Islands by Mr Denis Healey, the Shadow Foreign Secretary. At that stage, the British Government's view was that as long as there was any possibility of Secretary of State Haig negotiating a diplomatic solution, it was better that America should adopt a neutral position.

But it was clear in Downing Street yesterday that if diplomacy fails, the Government would expect America to follow the example of Britain's European allies and impose trade sanctions on Argentina.

Mr Stradling Thomas's speech was one of a number from senior Conservatives yesterday aimed at bolstering support in the country for the possible use of force against Argentina. Mr Douglas Hurd, the Minister of State at the Foreign Office, who is now in effect the Deputy Foreign Secretray, repeated the Government's readiness to use force if diplomacy fails.

Every "sane person," he said, hoped diplomacy would succeed without the need for further bloodshed. But he stressed that it was "a necessary consequence of the Argentine aggression" that if they could not be persuaded to withdraw by diplomacy, they would have to be removed by force.

Mr Hurd, who was one of only two Ministers at the Foreign Office who remained in their jobs after Lord Carrington's resignation as Foreign Secretary, also took the unusual step of hitting out at the FO's critics. In the last few weeks, he said, "many untrue and venomous things" had been said about the FO.

His own personal experience was that the foreign policy of this country was made by Ministers not officials, but it was very often discussed by Ministers collectively, and that it was persistently scrutinised by MPs. "Some of the critics have an absurd idea of how the Government of this country is actually conducted," he maintained.

Medical staff board a transport flight to join the Falklands force

ISLANDERS HOPE FOR STAND-OFF

Big exodus from Port Stanley

BY ANDREW WHITLEY AND JIMMY BURNS IN BUENOS AIRES

THE PROSPECT of a military confrontation between Britain and Argentina has provoked a substantial exodus of islanders from the Falklands capital of Port Stanley, a senior banker who has just returned from the island said yesterday.

The local inhabitants fear being harmed if and when British troops try to recapture the capital. Many of them have left their homes and gone into the islands' bleak interior, which is dotted with isolated farms.

The banker said most Falklanders he had talked to were "outraged" at the Argentine military occupation. They wanted to "wake up and find themselves in the situation that existed before April 2," the date of the invasion. The overriding hope was that the Argentine troops would withdraw and the British task force turn back.

"Very few" civilians are walking the streets of the capital and the majority of the population have stopped using their cars for fear they might be requisitioned by the Argentine army.

Since the invasion, no foreign journalist has been allowed on the islands. Argentine journalists have heen permitted to report from there, hut their coverage has heen sporadic and subject to military censorship. Officially, the Argentine Government has denied that the islanders are heing held as hostages and has offered them free military transport out of the islands. A suggestion of compensation for those who wish to leave was made by Argentina's ambassador to the UN.

Apart from a trickle of individuals hitching a ride on military planes to Comodoro Rivadavia on the mainland, only one substantial group of civilians has left the islands. It included Mr Dick Baker, the Deputy Governor, and Mr Ronnie Lamb, until this month the head of the Falklands' small police force.

The expulsion of these two men indicated that the new military authorities in Port Stanley are no longer prepared to work through the existing administrative machinery and are replacing local officials with their own men.

A major question mark still hangs over the status of the Falkland Islands Company, the general trading company with a monopoly on land rights and wool exports prior to the Argentine invasion. Significantly, Argentine Press reports from the islands increasingly draw attention to the political and economic hold that the company had on the colony. No

Dockers yesterday began unloading a cargo of Argentine food from a British ship. The 9,000 ton liner Bronte was allowed to discharge in Liverpool because it set sail before the trade embargo began. The 8,000 ton load, which includes corned beef, will be brought ashore over the next fortnight.

CBI chief backs move by EEC

THE EEC'S move to ban the import of Argentine goods has done more for its cause within Britain than any hard bargains struck in Brussels, Sir Raymond Pennick, president of the CBI told the British chamber of commerce in France, meeting yesterday, in Paris.

"If ever those of us who wholeheartedly support the UK's membership of the EEC wanted a compelling answer to the anti-EEC lobby, we've certainly got it now," he said.

The speed at which the Common Market had acted was an example to the free world.

Falangist call

Falange Espanola, the right-wing party that helped the late General Francisco Franco win the Spanish civil war in 1939, has called for a demonstration in Madrid on Monday in support of Argentina in its dispute with Britain, AP reports from Madrid.

The demonstration, under the motto "We are by your side, Argentina," will be an "act of solidarity with that country ..

Grenada backing

Grenada's left-wing Government supported Argentina's claim to sovereignty over the Falkland Islands, Mr Unison Whiteman, the Foreign Minister, said yesterday, Reuter reports from St. George's.

Bot Grenada favoured a negotiated political settlement of the Falklands issue, believing it would be foolish for Argentina and Britain to fight over the islands, he added.

Port workers' plea

Argentine maritime and port workers have recommended a general boycott of British flag-bearing ships in ports throughout the American continent in retaliation for the British Naval blockade of the Falklands, union leaders said, Reuter reports from Buenos Aires.

Argentina approves emergency package

BY JIMMY BURNS IN BUENOS AIRES

THE ARGENTINE Government yesterday approved an emergency package of measures aimed at helping the financial market after the Falklands crisis.

The measures inclue a 1 percentage point reduction in the minimum reserve requirement, retroactive to April 1, to ease the severe liquidity prohlems of local financial institutions.

The measures will be welcomed hy the financial community, but most economic analysts believa that whatever the outcome of the present dispute. Sr Roberto Alemann, the Economy Minister, would have to accept higher inflation, a lower trade surplus and the abandonment of modest growth targets.

The measures are a setback for the prestige of Sr Alemann who had earlier declared that such measures were unnecessary.

In a series of meetings with central bank and other representatives of the financial community over the past week, Sr Alemann is believed to have argued against central government intervention in the financial markets, on the grounds that their current problems were only temporary and should be allowed to work themselves out within a free market.

He is helieved to have suggested that the measures might have a negative effect on money supply and his efforts to reduce inflation, which in 1981 was over 131 per cent.

Sr Alemann denied in a TV interview on Thursday night that he was being forced to modify his economic policies and that he was under pressure to resign.

Fears of impending war with Britain and rumours that the Argentine Government might soon impose a patriotic tax to subsidise the cost of the Falklands operation, has led to many anxious investors to withdraw their deposits over the past two weeks.

Withdrawals are believed to have amounted to over \$1hn and have led a number of institutions to the point of collapse. Interest rates have rocketed.

In a further development yesterday, the Argentine Government announced that it had banned three European consortiums from bidding for a \$50m gas project.

The consortiums are led by Spei Capag of France, Saipem Spa of Italy and Nacap of Holland.

Sr Sergio Martini, Minister for Public Works, said that the Government was considering further sanctions against European companies, although he stressed that contracts already signed would be respected.

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OVERSEAS NEWS

China preparing to build Shanghai nuclear reactor

BY TONY WALKER IN PEKING

CHINA is ready to atart construction of a 300-Mw nuclear reactor near Shanghai, according to a Western scientific expert in Peking, who is attached to a foreign diplomatic mission here. He said in an interview he had been told by officials there they had completed plans for the prototype reactor.

"They feel confident they are ready to go ahead and hegin to use nuclear power technology," he said. "They have implied they will obtain some components abroad," be went on.

China, which exploded its first atomic bomb in the early 1960s, has not yet made a final decision about developing a nuclear power industry. However, construction of nuclear power stations in energy-starved areas near Shangbai and Canton is being seriously considered at top levels of the Chinese leadership.

Twin 900-Mw pressurised water reactors (PWRs) have been proposed for Guangdong Province, South China, to supply much-needed power to Canton and other centres and also to Hong Kong.

Mr John Bremridge, Hong Kong's Financial Secretary, said recently after a visit to Peking that he expected China to make a decision about the establishment of a nuclear power station in Guangdong within about six months.

Western diplomats bere believe Mr Bremridge is being optimistic if be expects a decision this year.

The western acientific expert said foreign-made components that may be needed for the Shanghai prototype could include a high-pressure pump and pressure containment vessel to enclose the reactor itself.

Unless special elearance is given hy the U.S. for the sale of items such as these, it is likely China would buy the components in Europe.

Last September, a team from the U.S. Nuclear Regulatory Agency visited Peking for talks with Chinese officials. No details of those discussions were released, but it is understood the two sides talked about ways to overcome barriers in the way of American companies supplying nuclear equipment to China.

China is not a signatory to the Nuclear Non-Proliferation Treaty, nor is it a member of the International Atomic Energy Agency, the body that polices the NPT.

The western scientific expert described the proposed "prototype reactor" near Shanghai as a "stepping stone" on the way to the development of a nuclear industry. He pointed out that a 300 MW reactor is about one third the size of the smallest installation now being constructed in the West.

ARMS SALES TO TAIWAN

U.S. wins breathing-space

BY OUR PEKING CORRESPONDENT

CHINA'S DECISION not to retaliate diplomatically over the U.S. go-ahead this week with the sale of military spares to Taiwan while negotiations between Peking and Washington are continuing has given the two sides a breathing space in their long-running dispute.

The People's Daily, the Communist Party newspaper, yesterday made it clear in a front-page commentary, however, that China's opposition to "long-term" arms sales to Taiwan is uncompromising.

"At present the Sino-U.S. relationship is still at a critical juncture," the commentary said. "The problem of U.S. arms sales to Taiwan has not been solved. The crisis of possible retrogression in Sino-U.S. relations persists.

"Although the U.S. Government has repeatedly expressed that it sets great store by the Sino-U.S. relationship, it in fact persists in its policy of long-term arms sales to Taiwan. This is, of course, not to be tolerated."

One way out of the impasse is for the U.S. to agree to phase ont arms sales to Taiwan, but under present circumstances it would be difficult for a Conservative U.S. Administration to give this sort of commitment. The prospect is then for Taiwan to continue to be a running sore in Sino-U.S. relations whlcb could worsen if the issue is not cleared up over the next 12 months.

It is expected that by early 1983, Washington will again find it difficult to ignore Taiwan's requests for military equipment. This year, the U.S. has already rejected Taiwan's application to buy an advanced fighter to replace its ageing F-5E.

Western diplomats in Peking who described tbe tone fo the protest Note earlier this week over the US$60m (£34m) sale of military spares to Taiwan as "relatively mild," say the People's Daily commentary makes it clear that the U.S. cannot expect to make further arms sales tothe Taiwanese and avoid a crisis in its relations with China.

If the U.S. persists in arming Taiwan without an undertaking to phase out sales, then a cooling in Sino-U.S. relations seems unavoidable. China's "restrained" response to the spare parts deal has allowed the two sides to conduct further discussions in a calmer atmosphere, but should not he interpreted as a sign that China is not prepared to follow through its threat to down grade relations if diplomatic negotiations fail.

The focus in Sino-U.S. relations over the next several months will be on finding a way out of this apparent diplomatic impasse. The two sides have been attempting to resolve their differences through negotiations since late last year, but appear to have made little progress.

Diplomats in Peking say there is still a large gap between the Chinese and U.S. positions and it will require significant concessions on both sides for an agreement to he reached. It will not be good enough, one sald, for the two sides simply to agree to disagree.

The Chinese have suggested in the past, bowever, that the problem could be solved if the U.S. agreed to phase out sales of weapons. Indeed, the People's Daily in its commentary used the phrase "long-term arms sales to Taiwan," hinting there might be room for negotiation on a phased rednction of arms sales.

Apart from accusing the U.S. of infringing on its sovereignty by selling arms to Taiwan, China objects to the sales because it claims as long as the U.S. arm the Taiwanese it is unlikely Taipei will agree to negotiate re-unification terms with Peking. China, in the past several years, has made a number of "peace" overtures to Taiwan without drawing any positive response.

China wants the U.S. to give more active support to a peaceful process of re-unification, but so far the Reagan Administration has made only vaguely approving noises about the Chinese proposals.

American businessmen in Peking are relieved that the announcement of the spare parts deal bas not brought Chinese diplomatic reprisals. A downgrading of Sino-U.S. relations would almost certainly have an effect on the business climate for Americans in China.

The People's Daily said that "U.S. arms sales to Taiwan present a grave qnestion that concerns China's sovereignty. . . to flout China's sovereignty would not solve the question."

President Nicolae Ceasescu of Romania hinted yesterday at the possibility of a thaw in Sino - Soviet relations, onr Peking Correspondent reports. After several days of talks with Chinese leaders in Peking, he said the goal of better relations between Peking and Moscow was "reachable."

President Ceasescu, who is on his first visit to China since 1978, met Hn Yaobang, the Communist Party chairman, Deng Xiaoping, the party Vice - Chairman, and Zhao Ziyang, the Premier.

Tough talks lie ahead on EEC entry Portugal told

BY DIANA SMITH IN LISBON

PORTUGAL and the EEC have now arrived at the decisive stage of negotiations: if Portugal wants to join by January 1, 1984, she must work very hard, as must the Community, to "tie up the technical dossiers"—for it would be extremely difficult to catch up on delays that occurred between now and tbe end of 1982.

M Gsston Thorn, president of the EEC Commission, delivered this polite warning in Lisbon at the cnd of two days of talks wlth the chiefa of state and government and other senior Ministers.

M Thorn said that Portuguese negotiators must not simply present their dossiers and ask for a "yes" or "no" answer. They must work on them properly, explain and justify them.

So far, only the simplest dossiers, covering matters such as transport and Euratom, have been completed. M Thorn made it clear that tough negotiations lay ahead, whatever the Community's political will to have Portugal as a member.

These negotiations covered awkward areas such as customs union and fishing and agricultural policies. It is hoped that these dossiers can be cleared hy the end of this year.

If this can be done, M Thorn said, the Ten could, at a pinch, ratify within a year. But with the unavoidable risk of elections in some member-countries, M Thorn was reluctant to give firm guarantees about timescales.

Sr Francisco Balsemao, Portugal's Premier, took advantage of M Thorn's visit to state Portugal's position on Spanish entry blnntly.

In no circumstances, Sr Balsemao said, will Portugal accept linkage of negotiations. Sr Balsemao has often pointed out that his Government accepts simultaneous entry dates only if Portugal is not penalised or delayed because of any Spanish difficulties.

The mood of M. Thorn's visit was more than affable—but he reflected the recent toughening of attitudes on both sides. Reminded of growing opposition by Portugal's private industry confederation to EEC membership, arising from greater understanding of the competition from EEC industries, M Thorn said: "The Community didn't apply to join Portugal. Portugal applied to join us."

France puts ban on all Spanish meat imports

BY OUR MADRID CORRESPONDENT

THE FRENCH Government has imposed a ban on all Spanish meat imports following the discovery of a case of foot and mouth disease in a slaughter bouse in Northern Spain.

The ban affects all imports of lamb and beef and will be applied until the French authorities are satisfied that the virus has been isolated.

Spanish officials say the ban is a preventive measure and that they have notified the United Nations Food and Agriculture Organisation, and the relevant international health authorities. No further cases have so far been detected.

France imports more meat from Spain than any other European country, and in the past three years, imports of frozen and fresh meat averaged 5,000 tons a year.

The ban comes one month after Britain imposed a similar ban when British health authorities found that items of Spanish meat did not satisfy hygiene standards. This ban was lifted two weeks ago.

UK NEWS

Mellish makes up his mind to resign

By Elinor Goodman, Political Correspondent

THE Labour Party seems certain to be heading for a potentially highly divisive by-election in the south-east London constituency of Bermondsey.

Mr Bob Mellish, Labour MP for the seat for more than 30 years, said yesterday that he had decided to resign some time this year. He has not set a date bnt it is unlikely to he much after the autumn as he is apparently determined to devote more time to his joh as vice-chairman of the London Dock Development Corporation.

His decision will rekindle the controversy in the Labour Party over Mr Peter Tatchell, the left-winger. Mr Michatel Foot, the Labour leader, just succeeded before Christmas in stopping Mr Tatchell's endorsement as the official Labour Party candidate for Bormondsey.

It will also come as a blow to left-wingers of the party's National Executive Committee who bad been boping that, if there were not by-election, some peace formula might he negotiated between Mr Foot and the Bermondsey party enabling Mr Tatchell to stand as its candidate in a general election, when less attention would be paid to the constituency.

Mr Mellish, who has been at war with the far-left in his constituency since the election, had originally intended to resign several months ago. But after Mr Foot hsd staked his authority as leader on etopping Mr Tatchell being endorsed, Mr Mellish agreed to stay on, and so obviated tbe need for a by-election, depriving Mr Roy Jenkins for a time an opportunity to return to Westminster.

In the last few weeks, however, Mr Mellish's relations with his local Labour Party have worsened still further. Moves are being made to expel him from the party.

Mr Mellish is hacking three independent Labour candidates in the local elections on the grounds that they are more representative of the traditional party than the left-wingers standing as official candidates. He is to canvass for them over the next few weeks.

He said yesterday that he was confident they would "smash" the official candidate. He has agreed, however, not to resign until after the local election.

Building society lending up to £1.06bn in March

BY MICHAEL CASSELL

BUILDING SOCIETY mortgage lending in March rose to its highest level for eight months, providing clear evidence of increasing activity in the private bousing market.

The market has been ticking over in recent months, with prices stagnating or falling. There are positive signs of an upturn in sales and a trend towards firmer prices as the traditional house-hunting season begins.

The building societies advanced £1.06bn to home buyers last month, a leap of £302m over the previous month and the highest monthly figure since July. The societies committed themselves at the same time to lending £1.49bn, the highest monthly total on record and £430m more than in February.

The volume of funds being poured into the private housing market has reached a record level. This includes mortgages being granted by the banks, now running at ahout £350m a month.

The big take-up of funds is being put down to a combination of seasonal factors, the recent substantial cut in mortgage rates and the relatively low level of bouse prices in relation to incomes. Competition for mortgage business between the hanks and societies has brought some aggressive marketing on both sides.

There seems little prospect of any substantial increase in prices in spite of the significant npturn in activity. A large stock of unsold properties remain on the market and incomes over the coming year are expected to rise only modestly.

The Building Societies Association said yesterday that net receipts in March reached only £264m against £347m in the previous month. This was largely because of investors transferring funds into the attractive 23rd issue of National Savings certificates before it was withdrawn.

Mr Richard Weir, association secretary-general, said the reduction was expected to be temporary and the outlook for savings in the next few months was favourable. Tbe societies, he said, were extremely competitive in the savings market.

Mr Weir said the mortgage market was very active and, with relatively low house prices and falling mortgage rates, he expected the increase in activity to continue.

BP sells Sea Conquest rig for £40m

BY MARTIN DICKSON, ENERGY CORRESPONDENT

BRITISH PETROLEUM is selling an offshore drilling rig, the Sea Conquest, to Ben Odeco, the UK drilling company, for an estimated £40m. It will then charter the vessel back for three years.

The eale illustrates the fact that a worldwide shortage of drilling rigs over the past few years, which at one point sent daily hire rates soaring towards $100,000 (£56,785) a day, is now diminishing as more new drilling units come ont of the shipyards.

BP has two new offshore rigs on order. A Sedco 700 series rig is being built for it at Scott Lithgow's kard on the Clyde, due for delivery in 1983. Another Sedco 700, to be handed over later this year, is being built for it at South Kores's Hyundai Yard.

With hire rates falling—to around $70,000-$80,000 a day—and more rigs becoming available, BP evidently felt the time was now right to sell the Sea Conquest, a semi-submersible-style rig built in Finland.

It has been owned by BP since 1979 and before that had been on charter to the company since commissioning in 1976. The rig will now be managed by Atlantic Drilling on behalf of Ben Odeco, which is jointly owned by the Ben Line group of Edinburgh and Odeco of New Orleans.

The Sea Conquest, currently working in BP's North Sea Magnus Field, is capable of drilling to depths of 25,000 ft in water up to 1,200 ft, and has operated mainly in the UK sector of the North Sea and offshore Ireland.

A survey of the oil companies' North Sea drilling intentions last autumn hy stockbrokers Wood Mackenzie concluded that there would be a sharp growth in rig availability during 1982 and 1983 at a time of lower than expected demand. The result was likely to be a surplus of rigs in the North Sea by the mid-1980s.

The brokers said last night that this remained their view.

UK may get Australian Mitsubishi cars

BY JOHN GRIFFITHS

MITSUBISHI MOTORS Australia has disclosed that it is exploring ways of gaining export markets for its car prodnction.

The disclosure follows an acknowledgment by Colt Car company of the UK that it has been assessing Australian-built cars for possible sale in Britain.

Mitsubishi cars built in Japan are sold under the Colt badge in Britain, and thus are subject to the Anglo-Japanese "gentlemen's agreement" restricting Japanese car imports to 11 per cent of the total market.

Mr Michael Orr, Colt's chairman, has let his mounting frustration be known with the agreement's restrictions on his company's activities.

The Australian plant builds similar cars, also with right-hand drive, although the tecbnical specification differs in some respects.

Mr Graham Spurling, Mitsubishi Australia's managing director, says that his company is setting up a corporate planning department to develop an export strategy. It will investigate the feasibility of exporting kit or fully assembled cars, as well as panels, casting and engines.

The Adelaide manufacturing plant has a maximum output of 240 cars a day. Tbe optimum daily output has hitherto been regarded as 225 because of paint plant limitations.

However, this is heing refurbished, while further expansion by the end of the year is likely to provide spare capacity of 50 cars a day.

It would appear, therefore, that the potential for exports to the UK will exist by early 1983.

Call to staff at British Airways to boost sales

By Lynton McLain

MR ROY WATTS, chief executive of British Airways, appealed to all staff yesterday to sell seats to friends and neighbours "to keep the money flowing into the airline over the next vital six months."

It was critical to the future of the whole airline that the money kept flowing in between now and October, Mr Watts said in a message to staff only a fortnight after the end of the 1981-82 financial year, when BA lost at least £200m.

"If everyone in BA sold one round trip from London to Paris, it would raise an extra £3m revenue," he said.

"The next six months are going to be about the most important that BA has ever lived through," he said. In the period to October, the busiest for airlines, BA had to earn an average of £40m a week, Mr Watts said.

This was approximately 5 per cent a week more than for the corresponding period last summer.

The target was an "enormous challenge," but a "really successful summer will do more than any other single thing I can think of to put us back on the road to success," he told the staff.

The airline had encouraging news from a number of operating sectors in recent weeks.

In the first week of April total BA passenger traffic at Heathrow and Gatwick was up 6 per cent compared with the corresponding week last year. Traffic at Terminal I at Heathrow was up 10 per cent.

In the cargo business, the airline is to launch a no-booking cargo service this summer. Dispatch the same day to BA's European destinations will be promised to customers.

British Caledonian Airways is one of a number of companies which have expressed an interest in buying British Airways Helicopters, one of the likely candidates in a sale of assets by the state-owned airline.

Invicta International Airlines, the freight operator at Manston, Kent, called in a receiver yesterday, and 70 employees are expected to lose their jobs.

Meanwhile, Invicta Aircraft Engineering is to retain 35 employees while talks take place about the future of the company.

Computer company purchase aids Thorn programme

Jason Crisp looks at a group's development strategy

ALTHOUGH Thorn EMI is one of the UK's most diversified groups, with interests ranging from pop music to defence electronics, it has a declared strategy of pursuing two broad areas for the next decade—home entertainment and high technology engineering.

The acquisition earlier this month of BOC's sizable computer services division is a key move in the development of its high technology engineering side, according to the company.

Sir William Barlow, chairman of Thorn EMI's engineering group and former chairman of the Post Office, says that good software and systems engineering had long been identified as an essential part of the strategy for the group's development. BOC's wish to sell its compnter group as part of its policy of concentrating on its main businesses meant Thorn EMI fulfilled this part of its strategy rather sooner than it bad intended.

The engineering group, which in the year ending March 31, 1981, had a turnover of £594m, is itself fairly diversified and by sales, but not profits, was the largest grouping in Thorn EMI. The group's businesses range from industrial catering equipment and cutting tools to advanced radar systems, submarine reconnaissance and a data recording system used on the Nasa space shuttle.

The group was created after the acquisition of EMI in late 1979 and has over 50 individual companies organised into four main divisions. These are:

- Electronics, which is largely involved in military supply, with products ranging from missile fuses to specialist radar.
- General engineering, which includes Clarkson International Tools, the catering equipment companies, and a security division.
- Technology, which includes the Californian-based company Systron Donner which makes sophisticated test and measurement equipment especially for the aerospace industry, and a components division which makes specialist products from connectors to special-purpose cathode-ray tubes.
- Telecommunications, which is in joint venture with the Swedish telecommunications company LM Ericsson.

The newly bought BOC computer services division, consisting of Software Sciences, a software and systems company, and Datasolve, a computer bureau, will form a new division together with Thorn EMI Datatech which is the renamed SE Labs.

About half the engineering group's sales are in general engineering with the other in the chosen area high technology engineering. Thorn has closed some of the general engineering businesses, sold others, and retrenched in others. Altogether about 5,000 jobs bave gone and the engineering group now employs about 30,000.

Sir William gives two main reasons for wanting to buy a computer systems and software company. One is simply that the software business is an attractive growth business in its own right and the other is that it complements the hardware side of the business. It means the company will bave in-house skills which it would have had to hire and it can co-ordinate the group's overall software development. "You cannot get far with the hardware without good software," says Sir William.

University cuts attacked

SOME BRITISH universities face a crisis "perilously close to disastrous," Dr Alwyn Williams, principal of Glasgow University, said yesterday.

Others would be "impaired greatly," at least to the end of this century," be said. This was the price "the country will have to pay for the current shoddy political thinking on the merits of higher education."

The full cost in lost expertise would become clear when the school-leavers of the 1980s became the decision-makers in the first quarter of the 21st century.

Dr Williams launched the attack at the conferment of honorary degrees at the University of Strathclyde in Glasgow, on the university's Commemoration Day.

He predicted that those "who really care for the British way of life will look back in anger at the policies being implemented at the present time."

Universities could now best survive by pooling their resources to meet the needs of modern society, be said. He added it was doubtful whether the universities of Glasgow and Strathclyde could derive greater advantages from co-operation.

Both had foreseen the nature, if not the scale, of the present crisis, and taken steps which to some extent had "cushioned precipitate losses of income."

'Remove weak head teachers'

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

HEAD TEACHERS incapable of preventing violence by pupils should not be left in charge of schools, said Sir Keith Joseph, Secretary for Education and Science, in Blackpool yesterday.

Ineffective heads were not the only source of the problem, but "they can allow disturbance to get a grip," he said after addressing the conference of the National Association of Schoolmasters and Union of Women Teachers.

Sir Keith said be had no personal opposition to the use of corporal punishment by teachers and parents.

The NAS-UWT has voted that the use of the cane should be left to teachers' discretion. But its larger rival, the National Union of Teachers, wants corporal punishment banned by 1984.

Cadmium health threat ruled out

DOCTORS have ruled out a serious health hazard from cadmium contamination at the Somerset village of Shipham.

They have found that causes of death are generally no different at Shipham, near Cheddar, than in the nearby village of Hutton, where there is no contamination.

Deaths at Shipham from cadmlum poisoning are well below the national average, they say in a report in The Lancet.

Concern about the possibility of excessive cadmium poisoning at Shipham arose after bigh levels of the chemical were found in the local soil, and higher than normal levels in the teeth of village children.

UK NEWS

Customers sought for petroleum gas output

By Ray Dafter, Energy Editor

THE UK oil and gas industry will produce an extra 3m tonnes a year of liquefied petroleum gas—propane and butane worth about £500m annually at current prices—from the mid-1980s, according to a senior Shell executive.

But the industry has yet to find customers for most of the extra supplies, which will come from North Sea oil and gas fields, said Dr Colin Beevers, manager of Shell International Petroleum Company's economics, logistics and project development department.

The UK is in danger of losing the full benefit of these important energy resources, he said.

Dr Beevers was speaking in St Peter's Port, Guernsey, at the annual conference of the Liquefied Petroleum Gas Industry Techoical Association (UK).

He said UK North Sea fields yielded about 1.47m tonnes of liquefied petroleum gas last year, slightly more than the level of domestic demand. By 1985, LPG output should be more than 4m tonnes a year. Most of the additional output was uncommitted.

"Will it be used in the UK or will it be exported? This is the real challenge of the '80s for the UK LPG industry," Dr Beevers said.

The gas could be used in home heating, in the chemical industry, or as an environmentally acceptable automotive fuel. But he feared the supplies would be lost to overseas markets.

Mr David Mitchell, managing director of Calor Gas, said he was not worried about the infrastructure.

The main problem was identifying the market with most growth potential. There were signs that the domestic cabinet heating market, which had accounted for much of the growth in bottled gas in the 1970s, had already peaked.

Northern Foods buys pie business

BY GARETH GRIFFITHS

FCM, THE meat-processing group, is selling its pie, flan and sausage production businesses at Calne in Wiltshire and Ipswich in Suffolk to Northern Foods for £1.875m cash, with a consequent loss of up to 550 jobs in the two factories affected.

Northern Foods expects to complete the deal by July and will transfer production to its factories in Nottingham and Dorset. Northern Foods says that between 100 and 150 jobs could be created to deal with the reallocated production. Some 200 jobs will be lost at Ipswich and 350 at Calne.

FCM says the sale is part of its policy of transferring its resources into its main area of meat operations. Mr George Cattell, FCM's group managing director, said he hoped the job losses at Ipswich would be less than announced, with the transfer of employees to other operations, but added that, within six to nine months, there would be a total run-down at Calne.

Discussions are being held with trade unions at the plants.

The two factories provide mainly own-label produce for Marks and Spencer and Sainsbury's. Less than 10 per cent of the volume of business last year was for FCM's own Harris label.

The deal provides that FCM will not compete in the pie, flan and sausage market for the next five years, although FCM retains the Harris label.

FCM has trimmed its workforce from 8,500 to about 4,500 in the past two years. It is paying the redundancy costs.

The agreement values the plant and equipment at £1.5m, and goodwill at £375,000. FCM intends to use the proceeds to reduce the group's borrowings. The company made a pre-tax profit of £1.51m on turnover of £259m in the six months ended October 17, 1981.

FCM says it has been squeezed in the meat-processing areas, such as sausages, pies and flans, by Unilever and Unigate. It will now concentrate on wholesaling meat and manufacturing bacon and hams.

Northern Foods was particularly interested in the supply arrangements with Marks and Spencer and Sainsbury's. The company—which is based at Hull and is involved in dairy products, meat, and cereals—recently paid £37m for Keystone Foods, the big U.S. processor of hamburger patties for McDonald's Corporation.

Northern Foods had pre-tax profits of £34.63m for the year ended September 30, 1981.

Avon Rubber to close factory in Wales

BY BELINDA NENK

Avon Rubber is to close its factory at Bridgend in Wales, making 260 people redundant.

Mr Peter Fisher, the managing director, said that the Bridgend factory had been "losing several hundred thousands of pounds and we cannot get it back into profit." It is due to close in July.

Mr Fisher blamed the closure on the recession in the automotive and tyre sectors, and on cheap imports, particularly in the tube business.

However, he stressed that, the closure having been decided, talks would now be held on the future of the business there. He did not exclude the possibility of a management buy-out.

"The factory has some of the most modern machinery, a very co-operative workforce and an extremely competent management. But cheap imports are really at the nub of the decline in the industry."

● Lesney Products, maker of Matchbox toys, is to close its factory at Peterborough, Cambridgeshire, with the loss of about 200 jobs. The plant was opened in 1974.

A spokesman for the company said: "This action arises from the need of the company to reduce its fixed overhead costs as part of its planned rationalisation. The present production activities at Peterborough will be accommodated at another, existing factory in the group."

Lesney suffered serious losses in 1981, and a rationalisation was instituted to save the company.

● Jessups, the motor dealer, is to close a loss-making dealership and to put another up for sale. The moves will affect more than 100 jobs.

The group's Vauxhall-Bedford dealership at Stratford in east London is to shut and 60 staff are to be made redundant.

The Jessups dealership at Southend is to be offered for sale and the 45 staff members there have been advised.

Raleigh bicycles to be made in the U.S.

By Maurice Samuelson

THE RALEIGH brand of bicycle is to be manufactured under licence in the U.S. by the Huffy Corporation of Dayton, Ohio, the biggest maker and distributor of bicycles in the U.S.

TI Raleigh Industries, which dominates the British cycle industry, says the move is consistent with its strategy of concentrating its marketing and manufacturing resources in developing its base in UK and European markets.

Mr Chris Handley, export sales director, said yesterday that in the past, Raleigh had tried to penetrate the market with machines made in Canada and other countries. However, U.S. sales had declined from the peak reached about 10 years ago and Raleigh's direct exports to the U.S. had been hit particularly hard by the strength of sterling.

Opportunity

Raleigh's bicycles have been sold in the U.S. for many years, but now claim only a "single percentage" figure of the 9.5m cycles sold there each year.

The company has similar licensing arrangements in a number of countries, including Mexico, South Africa, India, Pakistan, Sri Lanka and New Zealand.

The company says its tie-up with Huffy provides a "unique opportunity to expand the sale of Raleigh branded bicycles in the U.S." ... ... in the U.S."

Huffy, which produces a wide range of its own machines, will produce most of the Raleigh range. However, Raleigh may still supply some specialist cycles to the U.S. from its UK factories.

Stockbroker suspended for misconduct

BY JOHN MOORE, CITY CORRESPONDENT

A STOCKBROKER has been suspended for three months from trading after a Stock Exchange disciplinary committee found him guilty of "gross" misconduct" under the rules of the exchange.

Mr Raymond Jillins faced disciplinary action by the exchange after a partner in his firm, Russell Wood, notified the Stock Exchange authorities of certain transactions which had been carried out.

According to a notice posted in the Stock Exchange on April 8, Mr Jillins was required to answer three charges. These alleged that within a certain period he effected a series of "inter-related transactions in the shares of a company, the intention and effect of which was to favour one client at the expense of another client or clients."

The Stock Exchange examined a number of "bear" sales—sales carried out before the shares are owned, and which are followed by a formal purchase at a price lower than the sale price. The Stock Exchange noted that there had been a delay in the booking of the bear sales which had been carried out on behalf of a client. These sales were followed by another market operation. Under this deal—a "put-through" operation—the same number of shares of the client for whom the bear sale had been carried out were transacted with another client who held shares in the stock at the time of the sale.

"In this manner Mr Jillins was able to favour certain clients with respect to price to the detriment of other clients," the Stock Exchange has concluded.

The disciplinary committee found the charges proved

After hearing an appeal, the Stock Exchange has decided that Mr Jillins should be suspended from trading "in any manner whatsoever" for three months from the date of its notice, April 8.

TV coverage of Pope's Cardiff visit threatened

By Robin Reeves, Welsh Correspondent

TELEVISION coverage of the Pope's visit to Cardiff may be affected by a union dispute over security arrangements for technical staff at HTV Wales, the local commercial television contractor.

HTV members of the technicians' union ACTT are refusing to complete application forms from the Catholic Information Service for accredited identity passes for the visit. They say there are no guarantees that the information supplied will not be put on a computer and stored. There were reports yesterday that the dispute may also involve special payments for covering the visit.

In a statement, Mr Ron Wordley, HTV's managing director, said the deadline for accreditation had passed. In the circumstances, HTV would be unable to provide joint coverage with the BBC of the Pope's visit to Cardiff.

There were attempts yesterday to resolve the dispute, but after a meeting of HTV's ACTT members a spokesman said that there was no change.

Fresh EEC ideas sought on regional development

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

THE TIME has come to consider how regional development within the European Community can be revised, Professor Stefan Musto, of the Deutsches Institut fur Entwicklungspolitik, Berlin, said in London yesterday.

More attention should be paid to the problem areas in the south of the Community, especially the new member states, he commented.

Professor Musto was addressing the final day of the Regional Studies Association's conference: The Changing EEC Context for Regional Development.

The problem, he said, has been that measures taken to assist the less-favoured regions have been conceived individually "without considering the basic guidelines for economic policy overall."

The economic growth model offered by the highly developed industrial regions at the centre of the EEC could not be applied carte blanche to the problem areas, such as Italy's Mezzogiorno because the level of need in the poorer areas was at least partly attributable to the economic growth policy of the industrial regions.

It was essential, Professor Musto stated, that national and Community policies should be undertaken only after their consequences for the regions were fully considered.

Professor Peter Hall, of the University of Reading, said strong changes were taking place within the economic geography of Europe. The centre was becoming richer by comparison with the periphery. Central regions had economic structures dominated by advanced, high-technology industries and producer services while the periphery was dominated by labour-intensive manufacturing.

The more advanced EEC countries now faced an "almost impossible policy dilemma"—how to help the new member states to improve their competitive positions while dealing with the regional impact of the recession.

During the expansionist 1960s, the Community worked well enough, but an enlarged EEC now faced new burdens without the requisite resources.

Labour warns it would fight 'unfair' poll tax

By Elinor Goodman, Political Correspondent

THE Labour Party would fight tooth and nail any moves by the Government to introduce a poll tax as a substitute for domestic rates, Mr Gerald Kaufman, Labour's spokesman on the environment, warned last night.

The Government has already had to abandon its hopes of abolishing the rating system altogether, but there has been speculation recently that it might try to reduce the rates burden and introduce a poll tax to make up the lost revenue.

There was a considerable opposition to this idea within the various local government associations and last night Mr Kaufman said a poll tax was the most unfair tax there could be. It was based not on ability to pay, nor on value of property, nor wealth, nor any other objective criterion.

It was an equal tax on every elector regardless of means, he claimed, and that meant the poorer the elector, the heavier the tax.

Future 'looks bleak for some motorcycle dealers'

BY JOHN GRIFFITHS

THE FUTURE of many smaller franchised motorcycle dealers looks bleak unless certain major manufacturers change their policies, according to the latest financial survey published by Inter Company Comparisons.

The ICC survey reports on 271 UK dealers, about 13 per cent of the total.

The UK market is dominated by Honda, Suzuki, Yamaha and Kawasaki of Japan who between them account for 90 per cent of sales.

The report does not name manufacturers, but of those surveyed 75.3 per cent increased turnover last year compared with 1980, only 41.7 per cent increased profits, and more than a fifth traded at a loss. Nearly a quarter saw turnover fall.

"This mediocre performance becomes more understandable, however, when one considers the pressures the dealers are under," the report says:

Although motorcycle sales last year fell by about one-sixth—sales of mopeds rose only marginally—this was from a record 315,000 in 1980. This still high sales level was achieved through a fierce, recession induced price war.

Manufacturers cut retail prices. But whereas large dealerships were then well-placed to negotiate better terms from the makers, smaller dealers were forced to pass the discounts on to the public, reducing their profit margins to uneconomic levels.

"Price-cutting means that stocks already held can be sold by dealers at little or no profit. The fall in sales has obviously meant that stocks are not moving quickly, which in turn means that new models, receiving heavy advertising from the manufacturers, are not getting immediately into shop windows except those of the larger dealers.

"Some of the marketing techniques employed by manufacturers promise a level of back-up and after-sales service which many smaller dealers find it uneconomic to provide."

The report concludes that price-cutting policies must be abandoned in favour of other aggressive marketing schemes

Motor Cycle Dealers. £60.80. Inter Company Comparisons, 81, City Road, London EC1Y BD.

City sponsorship puts London on the world chess map

Dominic Lawson reports on the money and the players involved in Britain's £40,000 tournament

A SUPREME example of the oldest of all war games is now taking place just across the water from the House of Commons, at County Hall. On Thursday the first pieces were moved in one of the strongest chess tournaments in history. Among the host of Grandmasters taking part are Anatoly Karpov, the world champion, and Boris Spassky, players known even to those who have never lifted a pawn in anger.

Ten years ago it would have been almost unthinkable for Britain to have staged such an event. Its home players would have been massacred, and the finances required would not have been available. But in the last few years England has produced players capable of beating the best in the world, supported by a growing chess sponsorship.

The cost of the tournament—over £40,000—is being met by the stockbroking firm of Phillips and Drew. It is the brainchild of partner Mr Frank Leonard, himself a very keen chess player.

The tournament has a British record prize fund of £12,750. Mr Leonard is less keen to disclose what the players receive for appearing, saying only that "there are differentials." According to William Hartston, the former British chess champion, "Karpov usually asks for about £2,000."

Karpov will be odds-on to win outright. But so was Korchnoi before the last Phillips and Drew tournament in 1980, and he had to share first prize with two other players, one of whom was Tony Miles, who thus recorded the best tournament result by an Englishman this century.

Phillips and Drew's largesse is only the most recent link in a sponsorship chain which originated from a more colourful financial source—Mr Jim Slater. Mr Slater, who claims, "I had become a very good player and could have gone on to greater things if I had decided to make it a career," donated £50,000 to double the prize fund for the Fischer-Spassky match in 1972, thus enabling it to go ahead.

Fischer has not been seen at a chess board since he beat Spassky, but Mr Slater's support for British chess has had a more lasting effect.

To make a decent living from chess, a player needs to acquire the title of "Grandmaster." At the time of the Fischer-Spassky match, no British player had ever attained such heights. In December 1972 Mr Slater, on behalf of the Slater Foundation, offered a prize of £5,000 to the first Briton to become a Grandmaster and £2,500 to each of the next four.

Since Mr Slater's offer, five British chess players have gained the title, thus joining the elite of the chess world. Mr David Anderton, president of the British Chess Federation, is effusive: "Slater did a tremendous amount. His support helped to create a generation of British chess professionals." Mr Slater's own reaction? "It's marvellous what a bit of money will do."

Most of Britain's chess sponsors come from the City rather than from the major industrial companies. Apart from Phillips & Drew, these include Lloyds Bank, Grieveson Grant, the stockbroking firm, and Duncan Lawrie, the corporate finance company.

Dr Ronald Johannes, an ex-England junior chess international, is the guiding force behind Grieveson Grant's £15,000-a-year sponsorship of the British Chess Championship. He explains the City's connection with chess: "A number of City firms were looking around for something to sponsor, and chess appeals to our corporate image."

Though the game of chess may fit in well with such firms' images of themselves, chess players have gained a reputation for wayward behaviour which could hardly be expected from a banker or stockbroker.

The popular conception of the chess player as an eccentric was reinforced by the well-publicised tantrums of Bobby Fischer. More recently, the public has witnessed the strange goings-on between Anatoly Karpov and Viktor Korchnoi, involving saffron-robed Indian mystics, mysterious Soviet parapsychologists, and accusations of kicking under the table and the use of colour-coded yoghurt.

Jim Slater, for all his enthusiasm for the game, doubts whether chess players can ever be marketed as popular heroes. He describes them as "a graceless lot." But William Hartston (author of How to Cheat at Chess) is more optimistic, arguing that "nothing fires the popular imagination as much as success."

It may be that the motives of many British chess sponsors have little to do with commercial concepts such as corporate image, publicity or prestige. As Hartston points out: "In most cases of chess sponsorship, there is a keen chess player at the top of the company involved. It is philanthropically intended."

Hartston's theory of a fifth column of chess activists at the top of a number of British companies gains support on a global scale from Leonard Barden, British chess champion in 1954 and a key figure in the chess sponsorship of Lloyds Bank and the Slater Foundation.

Barden insists that the extensive state support for chess in Hungary, on a scale unmatched outside the Soviet Union, has much to do with the fact that the head of state, Janos Kadar, is a chess enthusiast. He also argues that the phenomenal rise of chess in the Soviet Union cannot be explained without reference to Lenin's keen interest in the game.

The only man to have played a chess game with Bobby Fischer since 1972 is President Marcos of the Philippines. Marcos' passion for the game is the chief factor behind his country's massive state support for chess, including the staging of the 1978 world championship match at a cost of about £2m.

But the country with most chess players relative to population in the world is Iceland. Their enthusiasm is usually attributed to the long, dark winters.

The extent of Government support for chess in Britain is a sore point with the chess-playing community. The Sports Council does not recognise chess as a sport. "It does not involve physical recreation. You may as well call rose-growing a sport. We have had frequent correspondence with the British Chess Federation on this matter, but they no longer hammer on our door," says Mr Denis Wade of the Sports Council. And so, unlike other "sporting" events, chess tournament entry fees are subject to VAT.

The only state support for chess—a grant of about £25,000 a year—comes from the Department of Education and Science. A Department official admitted that the situation was "anomalous."

Trevor Humphries

Nigel Short, aged 16, during his opening-round draw with world champion Anatoly Karpov.

The problem is that chess is seen by the public as an intellectual pursuit rather than as a sport. Hartston, who is a commentator on the BBC TV programme, The Master Game, admits: "We are getting audiences of 1.5m, but chess is being presented in far too elitist a manner. The emotional and sporting aspects are underplayed, while the technical aspects are overstressed . . . the type of person who plays chess at the top level in this country has changed completely. It used to be dominated by failed academics—like me. Now there are far more of what you might call physically unfit sporting personalities."

The income of chess professionals does not compare favourably with other sportsmen. "The top 20 in the world make a good living. Outside that, they are pressed to make £10,000 a year from pushing wood," says Hartston.

However much chess sponsorship has grown in Britain, it still falls far short of the level it has reached in Holland, the UK's chief West European rival in the battle for tournament first prizes.

In Holland chess is recognised as a sport, and as such gets about £160,000 a year from government. Chess is taught in Dutch schools from the age of eight. The country holds about 12 international chess tournaments a year.

One of these is organised by the Hoogovens steel company, at an annual cost of about £55,000. Last year the company made a pre-tax loss of about £64m, but the event went ahead.

LABOUR

Some employers 'do not think closed shop hits economy'

BY JOHN LLOYD, LABOUR EDITOR

AN EMPLOYMENT minister admitted yesterday that some employers do not believe closed shops damage the economy.

Mr David Waddington, an Under-Secretary for Employment, also obliquely attacked the impartiality of Lord McCarthy, who is chairing a highly sensitive inquiry by the Railway Staffs' National Tribunal into train drivers' rostering.

In a speech to the Institute of Personnel Management at Oxford, Mr Waddington said: "The economy is damaged by the degree of power which the closed shop gives to trade unions. Some employers would disagree but those on the trade union side of the argument, such as Lord McCarthy, have no doubt that the advantage of the closed shop is the power it gives to the unions to coerce employers and individuals."

Mr Waddington is thought likely to have in mind Lord McCarthy's pioneering study, The Closed Shop in Britain, written in 1964. In a passage, Lord McCarthy says that "the closed shop is an important and sometimes essential device which adds considerably to the power of unions to coerce and restrict the freedom of action of both employers and employees."

Mr Waddington said the Employment Bill, which narrows union immunities and makes unions liable for the unlawful acts of their officials, were "based on the principle that if you make people legally liable for the consequences of their actions you make them think more about these actions and the damage they can cause."

He said the Bill "may not seem immediately relevant" to those employers who had no experience of closed shops, or of union labour only requirements. However, consultation before the Bill was published had shown these areas gave rise to concern.

"After the ludicrous exaggerations of the recent TUC special conference on the Employment Bill, we would all do well to spend a little time taking a cool look at what the Bill actually does. It must be seen as part of a continuing process of reform loosening the grip of the closed shop, pushing back the frontiers of immunity and curbing some of the most unacceptable forms of industrial action."

BR workers fear closure of engineering workshops

BY BRIAN GROOM, LABOUR STAFF

UNIONS WILL hold urgent talks with British Rail Engineering (BREL) on Thursday about proposals to shed up to 6,000 jobs by 1986. They fear some of the 12 railways workshops will close.

Some 4,000 of BREL's 50,000 workers may have to go this year, as well as the 1,000 to 10,000 reduction planned in the main railway work-force of 170,000.

The workshop cuts — which stem from falling business for BR, the recession and a failure to win adequate export orders — were disclosed by Sir Peter Parker, British Rail chairman, at a meeting with unions this week.

He also disclosed a forecast of a £165m group trading loss for 1982 — more than three times the likely figure for 1981. Two-thirds of it would be attributable to the train drivers' strikes earlier this year.

A special two-day meeting of management and unions in the Rail Council is likely to discuss the railways' plight in late May or early June. If pay talks this year and the wrangle with the drivers' union Aslef over flexible rostering are resolved by then, a meeting may be sought with Mr David Howell, Transport Secretary.

Mr Howell will not discuss rail investment with the unions until the dispute is solved. The railway staffs' national tribunal, chaired by Lord McCarthy, is understood to be due to meet on Friday to consider the issue.

● London Transport may face trouble with its 18,000 bus workers over cuts in jobs and services that result from the Law Lords' ruling against cheap fares, and over pay.

Transport and General Workers' Union representatives from LT's 64 garages will meet next week to decide on action against service-cuts planned for July.

The union's London bus committee is recommending a refusal to discuss the cuts with London Transport, but there may be calls for industrial action.

TGWU leaders also believe industrial action could not be ruled out if LT were to refuse to offer pay rises above its budgeted 5 per cent. Talks are to begin on April 27.

Power workers' pay stand may not mean strike

THE UNOFFICIAL power workers' shop stewards' committee released a cautious message today to the 90,000 electricity supply manual workers recommending rejection of the Electricity Council's "final" pay offer. Mr Dave Smith the committee chairman, emphasised that rejection did not mean automatic atrike action.

He said: "We have a moral obligation to maintain the grid. We're not in the business of killing people off."

Power workers will start voting on the offer in a national ballot next week following last month's non-acceptance by the four unions involved.

The offer ranges from £5.37 for a labourer earning £99.34 a week to £9.17 for a top craftsman on £128.78. The unions have estimated that it would add 8.5 per cent to the pay bill.

After an initial claim of 12 per cent the joint union negotiators, representing the General and Municipal Workers' Union, the Electrical and Plumbing Trades Union, the Amalgamated Union of Engineering Workers and the Transport and General Workers' Union, called for increases in line with the best in the public sector. The miners got an average rise of 9.3 per cent.

Shell workers plan to fight against closures

UNION REPRESENTATIVES from Shell UK are to meet in Manchester on May 26 to draw up plans to fight any further closures and job losses.

The meeting is a sign of continued union anxiety about redundancies caused by overcapacity in the oil and chemicals industry. Representatives from other companies have been invited to attend as observers.

Mr Keith Walley, managing director of Shell Chemicals, has agreed to meet union leaders at the Carrington complex, near Manchester, to discuss their fears.

Shop stewards say they have been told by Mr Walley that plant closures are being considered, and that drastic action will be taken at Shell's locations if they do not move towards viability.

Mr Ivan Drayton, co-ordinator of the Association of Scientific, Technical and Managerial Staffs at Carrington, said the complex's workforce — currently under 2,000—had been halved in the last 10 years.

The industry's problems in the last two years have brought the closure of two refineries—Burmah Ellesmere Port and BP Isle of Grain—several chemical plants, and job cuts at other sites and in marketing operations.

Nalgo leader urges more union influence in EEC

BY DAVID GOODHART, LABOUR STAFF

A CALL for increased union influence in the European Community was made yesterday by the leader of Britain's biggest public sector union.

Mr Geoffrey Drain, general secretary of the National Association of Local Government Officers said more bodies like the National Economic Development Council were needed in Europe so that unions could bring greater pressure on the EEC Commission and the Council of Ministers.

Nalgo is one of the few TUC-affiliated unions that support the EEC. Mr Drain's initiative is clearly at odds with official TUC policy on withdrawal.

Speaking at a news conference in London he said: "The EEC is a reality and whether one wants to stay in or come out the fact is their decisions affect workers in this country."

Mr Drain, who is president of the European public services committee of the worldwide union organisation, Public Services International, will be moving a resolution on European tripartism at next week's meeting of the European TUC in The Hague.

The resolution says "Representative trade unions must have full opportunities to participate in the preparatory stages of committees and other specialised structures of the EEC."

THE WEEK IN THE MARKETS

Closing all water-tight doors

LONDON
ONLOOKER

In the four days of post-holiday trading, shuttling diplomacy was not enough to quell the markets' nervousness. A week ago, when the institutions were still prepared to grit their teeth and treat the Falklands as a buying opportunity, equities came surprisingly close to shrugging off the political uncertainty. That ground has now been ceded all over again, although late yesterday there were signs of a modest revival in sentiment.

There were larger sellers this week than last—this being the moment chosen to reorganise some investment trusts—and sizeable lines of stock had to be placed. Trading was otherwise thin.

Since the crisis began, the stress upon sterling has made for almost constant upward pressure on interest rates. Even at the longer end, gilt-edged yields have risen by almost three-quarters of a point since the market peaked on March 23. At the other extreme, the cautious wish of money market operators to hold the most liquid assets actually had the perverse effect of driving down very short rates—although that was eventually reversed by a severe market shortage. Even so, it was a fair demonstration of hatch-battening.

Scottish slide

Full year figures from Bank of Scotland this week did nothing to stem the downward slide in the share price. At the back end of 1981 competing bids for Royal Bank of Scotland spilled over into speculation that Bank of Scotland too would soon lose its independence. The shares were chased up as high as 548p. In slamming the door shut on the bids for Royal Bank of the Monopolies Commissions also doused the flames that fanned the Bank of Scotland's price. The shares started to fall back and before this week's preliminary announcement they were down to 423p.

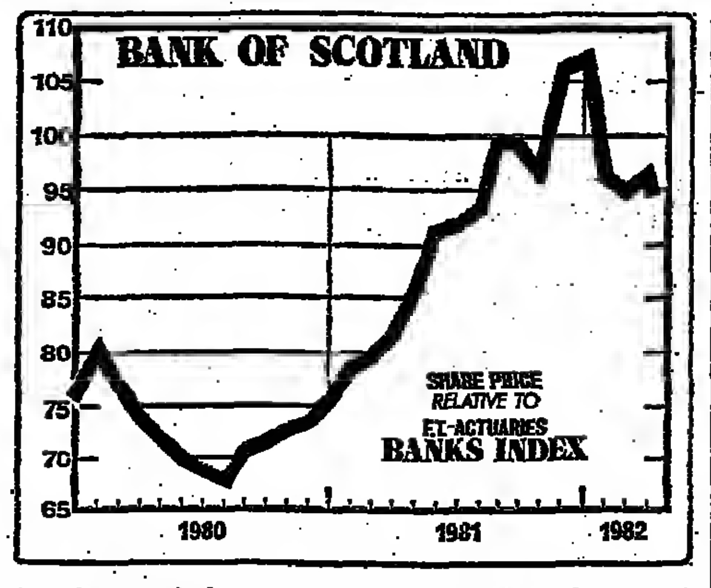
Yet even though bid hopes had evaporated, the price was still supported by City expectations that profits for the year to February would be somewhere between £51m and £53m—against £43.3m.

When the bank reported a 23 per cent profit advance for the half way stage it warned that it might be difficult to maintain that level of growth.

With a £1m downturn in the second half full year profits were less than 10 per cent up at £47.2m and the 25 per cent rise in the interim dividend had to be watered down to a 20 per cent gain for the year as a whole. The shares fell further as the figures were digested.

The retail banking operations are blamed for the second half setback. The bank had to sit back and watch its margins being squeezed as lending expanded but branch deposit levels started to decline.

Before the speculative rise last year Bank of Scotland shares tended to yield half a percentage point over the sector norm. Even after the shake out since Christmas, which has wiped a quarter off the market capitalisation, the yield is still below average—a rating that this week's figures do little to justify.



Borax blip

Sodium perborate might not mean much to most people, but to Rio Tinto-Zinc it meant more than half of its net income in what was otherwise a rather grim year.

All RTZ's base metal operations were much less profitable in 1981. The Australian group, CRA, led the pack with net profits plummeting to about a tenth of their 1980 level. But the zippy performance of Borax, its sodium perborate company, allowed RTZ to hold its net income decline to just 34 per cent, showing £102.3m against £155.4m in 1980.

Sodium perborate, minded primarily out of the California desert, is the basis for a host of products ranging from soap powders to glass fibre. Borax recently increased its plant capacity and has found that its markets are apparently recession-proof. The company doubts whether its 50 per cent profit increase is repeatable but expects profitability to be maintained.

RTZ now has to hope for some improvement in metal prices—a £10 increase in copper on the London Metal Exchange would send £1m straight through to net income. In the meantime, RTZ is likely to benefit by some £15m to £17m after financing costs on the Ward/Tunnel takeovers. The double acquisition should also allow RTZ to relieve £30m of previously unrelieved ACT.

Although the cement acquisitions have pushed up capital gearing to nearly 40 per cent, the balance sheet is not under strain. The maintained dividend was covered 2.6 times. The shares went up a bit on Friday and at 423p, the yield is about 5.5 per cent.

Empire conundrum

Close scrutiny by the Office of Fair Trading is almost inevitable if, as the City believes, Great Universal Stores is preparing a bid for catalogue mail order group, Empire Stores (Bradford).

The two sides are already in talks and Empire shares were suspended on Wednesday morning at 92p. Both companies spoke vaguely of forming closer relationships and the discussions continue.

Any relationship, however, would only enhance GUS's already formidable power in the mail order sector. Through catalogues like those of Kays, John England and Great Universal GUS claims a 40 per cent share of the market. Empire probably controls a further 6 per cent so a conventional bid may well pose questions for the Government's competition policy.

The stock market, on the other hand, believes that GUS has been asked by Empire to mount a rescue. Harold Bowman, joint managing director of GUS, let a tiny shaft of light into the nature of the discussions when he alluded to Empire's request for help against a background of a very difficult market for mail order goods.

Empire revealed the extent of recent pressure last autumn when, in the wake of a 6 per cent fall in sales volume, its six months profits crashed from £2.07m to £312,000 before tax. Its attempts to arrest the volume slide included a drive to recruit new agents to the selling team but, as City analysts were pointing out during the week, recruitment usually brings with it an increase in bad debt exposure.

Brokers' forecasts for the full year have recently been pitched in the £2m to £2.5m bracket but the outlook could very well have changed, and perhaps the cash position is more relevant than the profit outturn.

Builders' blocks

Building contractors were the strongest sector of the stock market in 1981, outperforming the All-Share Index by nearly a quarter, although the profits which contractors were able to report were often something less than dynamic. In recent weeks, stockbrokers who study the building industry have been looking for an upturn in the house-building cycle, and redirecting investors towards housebuilders themselves and the manufacturers of such items as bricks, tiles and plasterboard.

The impression that things might be starting to move was strengthened by this week's flurry of deals among building materials companies.

Taylor Woodrow's pre-tax profits for the year ended up at £24.9m compared with £24.8m. Profits in UK contracting were more or less steady, and although there was a deterioration in UK housebuilding, that was offset by a strong performance in North America.

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1982 High	1982 Low	
F.T. Ind. Ord. Index	550.7	−9.6	579.8	518.1	Small selling in unwilling markets
Aberthaw Cement	344	+19	375	310	Better-than-expected results
Atkins Bros. (Hosiery)	71	+6	73	54	Press comment
Bank of Scotland	395	−28	518	395	Disappointing results
Camrex	48	+8	49	37	Strong profits recovery
Cawoods	280	−17	300	192	Agreed merger with Redland
Channel Tunnel	95	−35	230	85	Adverse comment
Empire Stores	92†	+10	92	68	Talks with GUS
Global Nat. Resources	705	−125	835	435	Profit-taking
GUS A	478	−17	525	430	Talks with Empire Stores
Hanson Trust	146	−14	163	137	Profit-taking
Hawker Siddeley	296	−10	350	290	Results due next Wednesday
Lloyds Bank	413	−13	500	408	Concern about Argentine assets
LASMO	312	−33	423	260	Cawoods/Redland merger
Lyle Shipping	240	−20	322	240	Chairman's bearish statement
MEPC	200	−13	244	200	Fears of higher interest rates
Pearl Assurance	382	−24	416	370	Disappointing annual results
Pentlow	85	+15	85	48	Acquisition of property company
Shell Transport	378	−16	400	334	Lack of interest

† Price at suspension.

The taxman cometh

NEW YORK
RICHARD LAMBERT

The main excitement in Wall Street this week lay in the first quarter earnings statement from IBM, the giant computer manufacturer. Share prices in general went nowhere, and there were good excuses for doing nothing. The budget discussions droned on in Washington with no sign of an imminent breakthrough.

A growing stream of companies had a grim story to tell about trading in the first quarter of this year, and AM International became the first major company to go under in the present recession. A day later it was followed by another office products company, Saxon Industries.

Besides, most Americans had more pressing things to think about than share prices this week. Thursday was the deadline for filing 1981 tax returns—an event which not only caused furrowed brows across the nation, but which also put a squeeze on the money markets as the Treasury's collection of income taxes drained out bank reserves.

The key federal funds rate edged higher, and heads were being kept well down in the bond market ahead of the expected technical surge in the money supply figures.

So thank goodness for IBM. Analysts had been shading down their forecasts for several months before the first quarterly report, which arrived on Wednesday. Their worries included the strength of the dollar, which has an adverse effect on the earnings figures, and the possible impact of a major reorganisation in IBM's marketing structure.

The three U.S. divisions that marketed larger computers, smaller computers and office products have been consolidated into two new divisions, and a single maketing team can now supply all of a customer's product needs.

That all sounds very nice on paper, but how much was it going to cost? The general expectation was that earnings per share for the first three months would slip from $1.25 to $1.20 or less. In the event, the company came in with $1.30, sparking a lot of activity and a useful rise in the share price.

The hope now is that earnings will accelerate at current rates. The impact of currency movements could be less painful over the rest of the year, and shipments of the powerful 3081 model series should be picking up.

Analysts Sandy Garrett of Paine Webber thinks earnings in the third quarter (a particularly dull period last time) could rise by over a third. The consensus view is that earnings for the year as a whole will rise from $5.63 to nearly $7 per share.

The reason for giving a little thought to IBM is this. The equity market as a whole still looks frail: The Dow Jones industrial average has rallied by more than 40 points from last month's low, but the general direction is still far from clear.

The mood on Wall Street seems to be that if there is a case for buying anything, it probably points to bonds—on the general view that if Uncle Sam is prepared to offer you 13.5 per cent for 30 years, then it might just be worth taking in these uncertain times.

On the equity front, there is increasing recognition of the attractions of a strong balance sheet. That brings us back to IBM, with its immense financial strength and sound earnings prospects. The prospective p/e is about 9.5 and the yield is over 5 per cent.

Elsewhere, all the signs are that business activity remains at a low ebb. U.S. industrial output fell by 0.8 per cent in March and conditions in a number of basic industries are still deteriorating. Aluminum Company of America reported that it had been running at 65 per cent of rated capacity in the U.S. this year. It expects to continue destocking through 1982. Followers of the steel industry are beginning to fear that the second quarter could be just as grim as the first, when shipment fell by a quarter.

In the words of Treasury Secretary Donald Regan, who earlier this year was forecasting a roaring recovery in the late spring, "the economy is dead in the water."

MONDAY	841.32	−1.62
TUESDAY	841.04	−0.28
WEDNESDAY	838.09	−2.95
THURSDAY	839.61	+1.52

BUILDING SOCIETY RATES

	Deposit rate %	Share accounts %	Sub'pn shares %	*Term shares %	
Abbey National	8.50	8.75	10.00	10.75	6 years sixty plus. 10.25 1 year high option, 9.25-10.75 1·5 years open bondshares
Aid to Thrift	9.55	9.80	—	—	
Alliance	8.50	8.75	10.00	10.75	5 y., 10.25 4 y., 10.25 £500 min. 2 m. not. or £100+60 d. int. pen.
Anglia	8.50	8.75	10.00	11.00	6 yrs., 9.75 1 mth. not. Inl. loss
Bradford and Bingley	8.25	8.75	10.00	9.75	1 month's notice
Bridgwater	8.50	8.75	10.25	10.75	5 yrs., 9.85 2½ yrs.
Bristol Economic	8.50	8.75	10.00	9.50	3 months' notice and 9.75 on balance of £10,000 and over. Escalator shs. 9.25-10.75 (1·5 y.)
Britannia	8.50	8.75	10.00	10.25	4 yrs., 10.00 2 months' notice
Burnley	†8.50	8.75	10.00	10.75	5 yrs., 3 mth. not.; 9.75 1 m. not.
Cardiff	8.50	‡9.25	10.25	9.50	on bal.: £3,000-10.000; ‡ to £3,000
Cardiff	—	10.00	—	—	£10,000 and over
Catholic	10.00	9.00	10.00	10.00	deposits at 6 mths.' notice, 9.25 on share balances of £5,001+
Chelsea	8.50	8.75	10.00	11.00	3 yrs.—90 dys' not. on amt. wdn.
Cheltenham and Gloucester	8.50	8.75	10.00	—	
Cheltenham and Gloucester	—	9.75	—	—	Gold Account. Savings of £1,000 or more (8.75 otherwise)
Citizens Regency	—	10.00	11.25	12.00	5 yrs., 11.05 3 mths.' notice a/c, 11.30 6 mths.' notice a/c
City of London (The)	8.75	9.10	10.25	10.25	Capital City shs. 4 mths.' notice
Coventry Economic	8.50	8.75	10.25	10.50	4 yrs., 10.25 3 yrs., 10.00 3 mths.
Derbyshire	8.50	8.75	10.00		9.25-9.85 (3 months' notice)
Ealing and Acton	8.50	9.25	—	9.90	2 yrs., £2,000 min.
Gateway	8.50	8.75	10.00	10.75	5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Gateway	—	9.75	—	—	Plus a/c £500 min. Int. ½-yearly
Greenwich	—	8.85	10.10	10.85	5 yrs., 10.10 3 months' notice
Guardian	8.50	9.00	—	10.75	6 mth., 10.25 3 mth., £1,000 min.
Halifax	8.50	8.75	10.00	10.75	6 yrs., 3 mths.' wdl. notice
Heart of England	8.50	8.75	10.00	—	3 mths.' notice 9.75 5 yrs. 10.75
Hearts of Oak and Enfield	8.50	9.00	10.50	10.75	5 yrs., 10.25 6 mth., 10.00 4 mth.
Hendon	9.00	9.75	—	10.50	6 mths., 10.25 3 mths.
Lambeth	8.50	9.00	10.50	11.00	5 yrs., 10.75 6 months' notice
Leamington Spa	8.60	8.85	11.93	10.35	1 year
Leeds and Holbeck	8.50	8.75	10.50	10.75	5 yrs., 9.75 1 mth. int. penalty
Leeds Permanent	8.50	8.76	10.00	10.75	3 yrs., E.I. a/c £500 min. 9.75
Leicester	8.50	8.75	10.00	10.75	5 yrs., 10.25 4 yrs., 9.75 3 mths.
Liverpool	9.50	9.75	11.05	11.75	5 yrs., 10.80 1 mth. int. penalty
London Grosvenor	9.50	10.25	12.00	10.75	3 months' notice
Mornington	9.30	9.80	—	—	
National Counties	8.75	9.05	10.05	9.75	35 days' notice min. dep. £500, 10.15 6 mths. min. dep. £500
Nationwide	8.50	8.75	10.00	10.75	5 yrs., £500 min. 90 days' notice. Bonus a/c 9.75 £1,000 min., 28 days' notice
Newcastle	8.50	8.75	10.00	10.75	4 yrs., 9.75 3 mths.' notice, or on demand 28 days' int. penalty
New Cross	9.50	9.75	—		9.75-10.50 on share accs., depending on min. balance over 6 months
Northern Rock	8.50	8.75	10.00	10.75	5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Norwich	9.50	9.75	11.25	10.75	3 yrs., 10.50 2 yrs.
Paddington	9.25	10.25	11.75	11.25	Loss 1 month int. on sums wdn.
Peckham Mutual	8.50	9.50	—	10.00	2 y., 10.5 3 y., 11.0 4 y., 9.75 Bns.
Portsmouth	8.85	9.05	10.55	11.10	(5 yrs.) to 10.50 (6 mths.)
Property Owners	9.75	10.25	11.75	11.75	4 yrs., 11.75 6 mth., 11.05 3 mth.
Provincial	8.50	8.75	10.00	10.75	3 yrs., 9.75 1 month
Skipton	8.50	8.75	10.00		9.85-10.00 28 days' interest penalty
Sussex County	8.75	9.00	11.25	10.00	instant withdrawal option
Sussex Mutual	8.75	9.25	10.75		9.50-10.75 all with special options
Town and Country	8.50	8.75	10.00	11.00	5 yr., 10.75 3 yr. 60 d. wdl. not., 10 2 mth. not./28 days' int. loss
Wessex	7.75	9.50	—	—	
Woolwich	8.50	8.75	10.00	10.75	90 days (int. loss), 9.75 immed. access (int. loss) or 28 dys.' not.
Yorkshire formerly Huddersfield & Bradford and West Yorkshire	8.50	8.75	10.00	10.25	5 yrs., 10.25 4 yrs., 9.75 3 yrs., 9.25 2 yrs., 10.00 Golden key 28 days' penalty interest

* Rates normally variable in line with changes in ordinary share rates. † From May 1.
All these rates are after basic rate tax liability has been settled on behalf of the investor.

Copper ready to head the recovery

MINING
KENNETH MARSTON

SOME of the metal prices have been picking up a little lost ground, notably gold and copper, but not enough to cut much ice in share markets. Reflecting the Falkland Islands crisis to a large extent, gold has recovered to the levels of two months ago while copper has done rather better.

Against the background of present political uncertainties, there is no knowing what will happen next to the gold price. But politics are not the major factor in copper and there are grounds for hoping that it is at last over the worst and is ready to lead the other metals into recovery.

The implications are now sinking in of the huge production cutbacks that have been made, particularly in North America by groups such as Phelps Dodge, the second biggest producer in the U.S. Faced with strained cash resources, such groups are having to stop mining copper at a loss.

However, any real recovery in the base metals depends on a revival of buying by the consumers and this, in turn, awaits an improvement in the U.S. economy over which a great many doubts have been growing in recent times.

It is generally agreed that there will have to be a fall in U.S. interest rates before business really picks up there because new spending plans are unlikely to go ahead when the cost of borrowing the necessary funds remains so high.

The doubts over the U.S. economy have now strengthened to the point at which Mr Donald Regan, the Treasury Secretary, has admitted that it is not getting anywhere and has implied that budgetary measures, which will curb expected federal deficits, will be needed to get the economy moving again.

What will happen remains to be seen, but the more acute the official awareness of a problem, the better are the chances of solving it. For this and other reasons, an optimistic view is taken by Mr J. Allen Overton, president of the American Mining Congress.

A pick-up in copper prices would make a good deal of difference to Rio Tinto-Zinc this year. Each rise of £10 per tonne in the metal price adds about £1m to the big UK-based natural resource group's earnings. It cuts both ways, of course, and the fall in copper coupled with the slump in 1981 profits of the Australian CRA hit the UK parent hard last year.

But borax soothed the pain, a highly versatile material which finds its way into a bewildering variety of applications in glass, fibreglass, vitreous enamels, ceramic glazes, detergents, fertilisers, fire retardants, chemical processes, metallurgical fluxes and many other industrial manufactures.

Thanks to a record year by the U.S. RTZ Borax, earnings for 1981 of RTZ announced this week come out at £102.3m (about half from borax) compared with £155.4m in 1980 and the 16p dividend has been maintained. Considering the recessionary background this is a very creditable performance.

RTZ Borax cannot be expected to do so well in the current year and with metal prices subdued, RTZ's earnings are still declining. It would not take much of an upturn to reverse this trend, however, and with hopes that the U.S. economy will revive towards the year-end shares of RTZ at 424p to yield 5.5 per cent on the 2.6 times' covered dividend seem to be worth picking up again.

Following RTZ's recent acquisition of the Thomas W. Ward and Tunnel Holdings cement producers, Consolidated Gold Fields has announced this week that its construction materials subsidiary, Amey Roadstone Corporation has paid £37.6m for the aggregates business of Blue Circle Industries.

The deal is thought to raise ARC's share of the UK dry aggregates market to about 15 per cent from 12 per cent. Meanwhile, ARC, which has raised its turnover from under £30m in the late 1960s to over £425m, earns more than a quarter of its profits from outside the UK and clearly hopes to make the most of the construction catch-up when economic recovery comes.

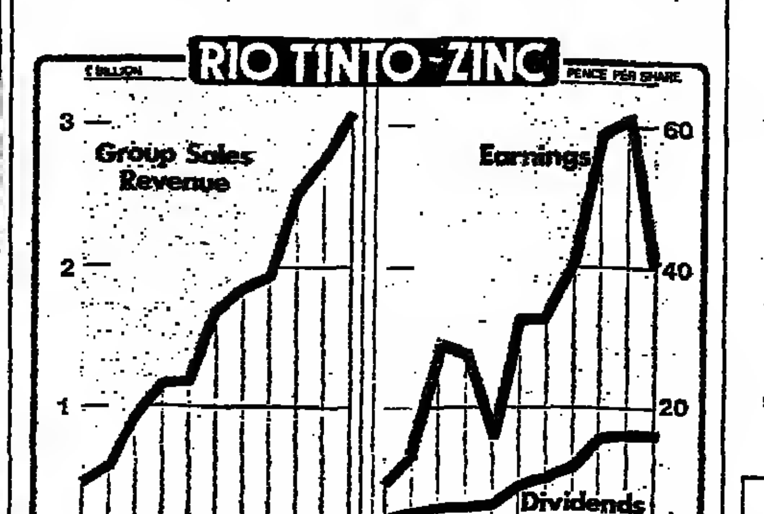
The Bermuda-registered Hemerdon Mining and Smelting has decided that, economic recovery or not, it wants to pull out of its half share in the Hemerdon Ball tungsten and tin venture in Devon where it is partnered with America's Amax. This week agreement has been reached whereby the Royal Dutch Shell group's Billiton is to pay HM&S $1m for an option to buy the Hemerdon stake for $14m. The total of $15m equals about 155p per share of HM&S, currently quoted at around 58p.

Mr Bud Schwarzwalder, chairman of HM&S, has said that the net proceeds of the sale will be repaid to shareholders, but the main condition to be met before Billiton exercises the option will be the granting of planning consent for the proposed mine at Hemerdon Ball.

There seems little doubt that the necessary approval will be given but, in all, it could take until 1984 or so before shareholders receive their money. However, the purchase price will be inflation-proofed in line with the U.S. consumer price index.

If HM&S had decided to stay with its investment, there would have been an even longer wait for any return on shareholders' funds—quite apart from any new funds to be raised—because the proposed mine is not expected to reach the production stage before 1985.

While welcoming a new and more powerful partner at Hemerdon Ball, Amax has other more pressing matters on its mind. Of particular concern must be the weakness in the market for the steel industry metal molybdenum. As the world's biggest producer of molybdenum, Amax is having to further reduce its output to about 45 per cent of capacity. The group could now be close to making quarterly losses.



YOUR SAVINGS AND INVESTMENTS—1

Lack of planning may mean you will still suffer from Capital Transfer Tax: **Rosemary Burr** looks at escape routes

The five golden rules

COMMENTATORS MAY have already given the last rites to capital transfer tax but many people, partly through lack of planning, find they can still get clobbered for a hefty payment of this tax. There are five relatively easy ways of cutting your CTT bill which can help soften the blow considerably.

Capital Transfer Tax is a tax on the transfer of anything of value between two people with the exception of husband and wife. If the UK is your homeland for tax purposes, then CTT applies to the transfer of all your assets throughout the world. Anyone not domiciled in the UK is still subject to CTT on the transfer of UK assets, with the exception of foreign currency bank accounts.

Totting up your CTT bill is complicated as it is frequently a matter for your professional advisers and the Inland Revenue to decide, on the basis of case histories, the exact value of the item you transferred. The tax is levied on the amount your estate is reduced by the transaction rather than the value of the item to the recipient.

For example, if you hold 51 per cent of a private company and transfer 5 per cent of your holding, then the reduction in your estate is more than the value of a mere 5 per cent holding. For by disposing of this 5 per cent you lose a controlling interest in the company and the value of the remaining shares is greatly cut.

Usually CTT is paid by the person making the transfer. However, for certain assets if the recipient of the gift agrees to pay the tax on transfers made during the donor's lifetime, then the tax bill may in many instances be spread over eight years without any extra interest charge provided the instalments are paid regularly. This applies to land and buildings, unquoted shares and unincorporated businesses.

There are two different scales of CTT depending on the time of the transfer. Gifts made during the donor's life are subject to lower rates than transfers at death or 36 months prior to death.

The CTT on lifetime transfers varies from 15 per cent to 50 per cent. In the case of gifts made at death, the rates start at 30 per cent and rise to 75 per cent.

If you are calculating the CTT liability on transfers made during a lifetime then you have to pay CTT not only on the value of the asset transferred but also on the CTT bill itself, which can substantially inflate the effective rate of tax. This does not happen in the case of gifts at death or where the recipient pays the tax.

So how can you reduce the burden of CTT?

● Make use of your exemptions. Every two years you may transfer £6,000 of assets free of tax. In addition, you can give goods worth up to £250 to a single donee free. These exemptions apply to both husband and wife.

Over and above these annual exemptions, the first £55,000 transferred is at nil rate of CTT, i.e., free. The £55,000 applies to the year 1981/82 but the rate bands are to be index linked. Once cumulative transfers exceed this figure, the normal rates are charged.

However, when 10 years have elapsed since a slice of the £55,000 nil rate band has been used, then a nil rate slice is reinstated. This means up to £55,000 can be given free every 10 years. It obviously makes sense to do this as early and as often as feasible.

● Making lifetime gifts. The rate of tax for lifetime transfers is much lower than for transfers on death. For instance it is half the death rate for transfers of up to £200,000, falling to two-thirds for transfers over £2,500,000.

For example, if a husband and wife each gift to their children say £45,000 in excess of the amounts covered by their annual exemptions and their £55,000 nil rate band, the total CTT bill would be just under £15,000. Don't forget that if suitable assets are gifted, and the children pay the tax, this will cost them just under £2,000 a year for eight years. The parents could fund this liability by making gifts within their annual CTT exemptions.

● Consider taking out life insurance: If a donor pays premiums under a qualifying life insurance policy on his life and then names his children as beneficiary, the children will get the proceeds free of all taxes including CTT. In addition, the policyholder gets 15 per cent tax relief on the gross premiums paid. This means that for every £85 paid in, the insurance company will invest £100. There is a ceiling on this tax relief of one-sixth of total income or £1,500 whichever is higher.

A particular form of policy worth considering is a joint life and survivor policy which pays out after the death of both husband and wife. There is potentially a longer build-up of premiums than under a policy on the man's life alone, as women traditionally outlive their mates. This means a larger sum may be accumulated than in the case of a life policy on the husband alone. It also produces the money when the CTT bill is usually highest, namely on second death.

Of course you have to take into account the conservative nature of an insurance company's investment policy but even so the saving in terms of tax relief and avoiding CTT makes some life insurance a practical proposition for people with children.

● Equalising your estate: Provided your marriage is secure it makes sense to divide the estate equally between you and your wife as you get older. This is because each can make use of the lower bands of CTT and it avoids one of the couple being catapaulted into the higher bands.

Take the case of a husband with assets of £400,000 who dies leaving everything to his wife. She gets the estate free of CTT but when she in turn dies leaving the estate to the children they will pay £177,500.

The CTT bill could be cut by about a third if the husband had originally left half his money to the children and half to his wife. The CTT bill on each death would then be £60,000 making a total of £120,000.

If the husband dies first leaving his assets to his wife, his will can be effectively rewritten under a deed of family arrangement executed within two years of his death, so that some of his assets can pass to the children in order to reduce the CTT bill. Of course, if the wife dies first and all the assets are in the husband's name then nothing can be done to reduce the CTT burden.

● Check whether your assets give rise to reliefs: This is a rather complex area but broadly speaking certain assets have their value reduced before CTT is charged. For example in many cases business assets including farmland and woodlands, qualify for a 50 per cent reduction, as does a controlling interest in a trading company. Minority interests in unquoted trading companies and let agricultural land qualify for a 20 per cent reduction in value.

These are five easy ways to cut your CTT bill. The important thing is not to forget about CTT but take advantage of the exemptions as you go along. Under present rules a husband and wife could transfer £170,000 to two children tax free over 10 years and another £116,000 in the 11th year, simply by using their exemptions alone. If you opt to invest in one of the assets which qualifies for relief do make sure you can justify the decision on investment grounds alone.

To see what effect these moves can have in practice, take the case of the Cooks who have two children. The Cooks' estate is worth £600,000. All but £100,000 of the family's assets are in Mr Cook's name as the table shows. If he dies and leaves the estate to his wife, who in turn leaves it to the children, then the CTT bill will amount to nearly half the value of the estate, i.e., £298,000.

By taking four of the simple steps described, Mr Cook can reduce the CTT bill on his estate to £52,000. First, he can transfer assets to his wife. Second, both spouses can make the maximum gifts over 11 years to children to take full advantage of annual exemptions and nil rating.

Third, they can make additional lifetime gifts to the children. Fourth, they can take out a joint life and survivor policy. As the table shows this will cut the CTT bill to £102,000 and give the children a sum of £50,000 free of CTT with which to pay the taxman.

"To cut CTT I have given £50,000 to my dog Spot, £50,000 to my cat Topsy and to my goldfish Jaws"

HOW TO CUT YOUR CTT BILL (£000s)

	Husband	Wife	Combined
A			
Present estates — left to surviving spouse, then to children	500	100	600
CTT assuming no action taken			298
(B)			
Husband transfers to wife to equalise estates	300	300	600
Each spouse makes *maximum* gifts to children over 11 years to maximise annual exemption and nil rating	(143)	(143)	(286)
Each makes additional gifts to children chargeable at lower lifetime rates	(45)	(45)	(90)
Balance of estate which under new will each spouse leaves to children	112	112	224
CTT on additional lifetime gifts	7	7	14
CTT on balance of estate	44	44	88
Total CTT bill	51	51	102
Less amount from maturity of joint life and survivor policy of £50,000			50
Net CTT bill			52

The ups and downs of investment

CURRENCY FUNDS

CHRISTOPHER CAMERON-JONES

SO FAR this month three more currency funds have been introduced. The timing could leave a little to be desired in view of the weakness of sterling in the face of the Falklands crisis. But this only goes to underline the volatile nature of exchange rates. It is their increasing volatility in recent years that has stimulated interest in currency itself as an investment and encouraged the growth in the number of currency funds.

Such funds fall into two categories: the fully professionally managed and the "self-switching" variety. This week the merchant bank Brown Shipley put its own skills on the line with a Jersey based open-ended investment company, called Brown Shipley International Currency Fund. This contrasts with this month's other offerings which are self-switching funds, namely the LJ & S fund from bankers Leopold Joseph and Son in conjunction with Stewart Fund Managers, and the re-organised Central Assets, formerly a more conventional investment company.

All three seek to achieve income and capital growth from investment in major foreign currency bank deposits, monetary instruments and similar assets, at returns normally available only to large depositors.

Brown Shipley is to make an initial offer on April 28 of 2.5m 1p participating redeemable preference shares quoted in London at £1.05 each. The minimum stake has been kept low at £1,050 to appeal to the smaller investor. The annual yield in the first year on the offer price is expected to be around 8 per cent but the emphasis will be on capital growth.

The share price includes 5p administrative charge. In addition there will be a 0.75p annual administration fee, charged monthly and a 0.125 per cent per annum custodian fee, charged quarterly. Ideally, holdings should be for at least a year to recoup the high cost of entry.

Because of the weakness of sterling the fund will probably be more heavily invested than usual in sterling. For example, on the basis of this week's exchange rates the fund might have been spread this way: 40 per cent in sterling; 10 to 15 per cent in Swiss francs; 20 to 25 per cent in Deutsche Marks; 15 per cent in Dutch guilders; and 10 per cent in Japanese yen.

For a minimum of £1,000 it is possible to subcribe for redeemable participating shares of 1 U.S. cent in the LJ & S fund. These comprise income shares for all investors and capital shares for the corporate and non-resident investors, for which a Stock Exchange quotation will be sought at a later date.

The choice of currencies, currently covering Deutsche Marks, French francs, sterling, Swiss francs and U.S. dollars, is left to the investor who may switch at will. Conversion can be through written or telexed instruction.

The only charge is a 0.75 per cent annual management fee, but a fully managed service is available to large investors at extra cost.

Elsewhere the former £25m Central Assets has been reorganised as a multi-currency fund covering the same five major currencies plus, for the really large investor, Special Drawing Rights. The minimum stake is £10,000 or 250,000 SDRs and is in the form of capital shares only which are quoted in London. The use of inscribed shares, whereby holders' names are kept on a register and no share certificates are issued, allows switching to be done simply by telex or telephone.

The annual management fee for the sterling fund is 0.5 per cent and 0.75 per cent for other funds. In addition there is a 0.1 per cent advisory fee, and some custodian charges are incurred.

At present a UK investor would be liable to income tax on the income from these funds and Capital Gains Tax when selling the shares but not when switching. But the Inland Revenue may eventually decide to challenge the CGT aspect of currency funds in the courts, on the view that switching profits could be liable to income tax.

Role of the wife recognised

A SCHEME for insuring housewives against death or prolonged illness appeared on the market this week from the insurance brokers Reed Stenhouse.

New insurance schemes appear regularly on the market, but one designed especially for women is rare and for housewives rarer still. Yet the present-day role of the wife in the overall finances of the family is important.

Not only does the modern housewife carry out normal household duties. But as a working mother, the family rely on her earnings, not only for clothes and holidays, but to pay part of the mortgage.

Should she die or become seriously disabled, there is a gap in the family income. Even if the wife does not work, the cost of hiring outside help for basic household duties can amount to a considerable sum.

The general attitude of the typical family to this eventuality is usually one of "it cannot happen to us." Statistics issued by the Department of Health and Social Security relating to employed women show, however, that it does happen. Taking the year to May 1980, 50,000 employed women between ages 20 and 65 died in the period and 107,000 were off sick for at least six months. Of this latter figure 46,000 had been ill for at least three years.

This highlights the need to insure the wife, as well as the husband, against death or prolonged sickness. When tragedy strikes, the family invariably rallies round for a time, but cannot be expected to shoulder additional burdens for long periods. The need for cash sums and income payments on death or prolonged disablement are obvious.

Yet in spite of this need, life companies have done little to meet it and never in one package. All life companies will offer contracts for any healthy woman, paying out lump sums on death, and a few issue contracts to housewives paying income for prolonged illness. But no thought has been given to designing a contract to cover both needs.

The Reed Stenhouse Family Maintenance Plan, underwritten by Zurich Life, does this for a comparatively low-cost premium. The benefits up to age 60 in the package are fixed at:

● £10,000 on death.
● £10,000 on total and permanent disablement.
● £30 a week on temporary disablement due to sickness or accident, payments commencing 13 weeks after the onset of disablement and continuing until recovery.

The premium varies with age of the wife at the time the policy was taken out, ranging from £4.10 per month at age 24 to £8.20 per month at age 44. Part of these premiums relating to the death lump sum qualify for the premium relief available on life assurance premiums.

The Zurich has defined disablement as the wife being unable to follow any other occupation if she was employed, and as being unable to perform household duties if she is not employed.

There is little doubt that this plan is a step forward in life and sickness provision for ordinary, as distinct from professional, women. It is a cautious step.

The lump sum payments are realistic, but the income payments are far too low for current conditions, and are not index-linked—essential in these inflationary times.

The plan has concentrated on simplicity and low premiums. It would, however, be more useful if housewives were offered a scale of benefits for the income payments—with appropriate premiums.

Eric Short

Bringing out the gold bugs

THERE IS nothing like international tension to bring out the gold-bugs. The imposition this month of VAT on gold coins is unlikely to put off those determined to invest in the metal.

Already one small bullion dealer, Shaw Cavendish in Chester, is advertising "British gold sovereigns free of VAT." In contrast to the major City-based bullion houses which have been gradually withdrawing from the retail market, Shaw Cavendish says it will supply "anything from one coin upwards."

So how does Shaw Cavendish plan to get round the VAT imposition? Walter Shaw, a director, explains: "The coins are held abroad on behalf of the customer. At the moment there is a choice of Switzerland or the Channel Islands."

What proof does the investor have of the transaction? Shaw says each customer will be sent a "letter-cum-certificate of deposit confirming that the arrangement has been carried out on his behalf." At the moment there is no extra charge for storing the coins overseas.

The Customs and Excise appears unmoved by this arrangement. "It is merely an overseas transaction. There is no VAT if coins are not bought in Britain" it says.

Shaw Cavendish is a private company with unlimited liability which is wholly owned by the Shaw family. "We are one of a rare breed" says Shaw. The company has been trading for about 40 years and Shaw says his customers include "someone who is playing for England at cricket, and the directors of some of the biggest banks in the country."

The Shaws, who hailed from the Wirral, made their money as paper converters—eventually selling out 15 years ago to the Swedish paper group, Mo Och Domsjo. The family also owns a "share in a major jewellery chain in Bond Street" according to Shaw.

It is ironic that Shaw has partly to thank John Nott MP, Secretary for Defence, whom he served alongside in the Gurkhas, for the current revival in interest in gold.

R.B.

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

Acknowledging a trust

Some 30 years ago my father, mother, brother and I moved to our present house which was acquired in my name. My father and mother died some years ago, and my brother and I now live here alone. The property is probably now worth about £150,000.

I have always considered that although this property is registered in my name, I nevertheless hold one half of it in trust for my brother. However, I am now wondering if he would be faced with C.T.T. problems in the event I should predecease him. Is there any action you could suggest to avoid this danger?

Your brother undoubtedly would be likely to have to pay some Capital Transfer Tax on your death, but it would be less if it is only on a half share in the house. You should ensure that the position is recorded now by a written acknowledgment that you have since the purchase of the house held it in trust for your brother and yourself (or your brother, your parents and yourself and after your parents' deaths for your brother and yourself). If the form in brackets is correct the respective quarter shares should have been included in your parents' estates.

CGT after the Budget

Press comment seems to differ so could you let me know how much C.G.T. would be paid under the Budget proposals in each of the following examples: (1) £6,000 gains made in '81-'82; (2) £6,000 gains made on April 2 '83, 10 per cent inflation since April 6, '82; (3) £6,000 gains made on April 7 '83, 10 per cent inflation since April 6 '82? In all cases stock held for a year and a day.

The complex and arbitrary new indexation and indentification rules are set out in clauses 71 to 74 of, and schedule 9 to, the Finance Bill. They run to some 13 pages, and may well be amended in Committee or on Report, or both.

Briefly, the answers are: (1) £900 (viz £3,000 at 30 per cent); (2) £300 (viz £1,000 at 30 per cent); (3) £150 (viz £500 at 30 per cent).

These figures are based upon clause 65 of the Bill (which alone covers more than a page).

A cleared account

Some trouble with a mail order book club, which threatened to employ a collection agency to obtain payment for some unordered and unwanted books, which I had advised them to collect was, I thought, concluded by a letter from the managing director saying the account had been cleared, and that I could dispose of the books as I wished, and a refund of postage on my letter which I had demanded.

However, I have now received a demand from a debt collection agency for £10.80, the amount originally in dispute.

Apart from the annoyance, I am concerned that, with computerised information and reference, my name may be somewhere recorded as a bad debtor, and my credit permanently impaired.

Would you kindly advise me what punitive and remedial action I should take?

In the absence of a judgment debt there should be no problem as to your general credit rating. You should however advise the collection agency that their principal has agreed that the account is cleared and require their confirmation that they will not pursue the "claim." Your remedy for their conduct is limited. You might be in a position to make a claim for defamation, but it may be difficult to prove publication of the libel. Nevertheless it may prove a useful counter to any further annoyance.

Meaning of repairs

Due to faulty design of the roof structure, the roof rafters of my house began to trip the wall plate on one side. In consequence I had to fit steel brackets between rafters and joints and steel tie rods across pairs of opposite brackets.

I consider this to be an alteration rather than maintenance; in effect adding something that should have been fitted on the original building of the house. My view was strengthened by an extract from DIY magazine. But Customs and Excise have written to refute this and say it is repair and maintenance, as follows:

It may be helpful if I explain that the relevant legal provisions are in Group 8 of Schedule 4 to the Finance Act 1972. Item 2 applies the zero rate to most services in the course of the construction or alteration of a building, but note 2a to the Group excludes from item 2 any work of repair or maintenance.

The comments quoted in the article from "Do-it-Yourself" magazine enclosed with your letter came from a judgment of the Appeal Court, which was itself appealed against by the Commissioners to the House of Lords (Commissioners v ACT Construction Ltd.).

The case concerned the underpinning of houses by means of additional foundations and though the Commissioners' appeal was rejected by their Lordships in this particular case, they did, in fact, reaffirm that "alteration" in item 2 means "structural alteration" and that the words "repair or maintenance" should be given their ordinary meaning.

The matter appears to be one of semantics. The VAT sum involved is approximately £300. Do you recommend taking this any further?

We agree with the paragraphs you quote of the letter from the Customs and Excise. However we feel that the work done to your roof may amount to a structural alteration. We do not believe that it was "repair or maintenance." In our opinion those words given their ordinary meaning do not include an alteration necessary because of faulty design.

Unless you can convince the Customs they are wrong you will have to take the matter to appeal to a value added tax tribunal if you want to recover the VAT charged. The procedure is set out in an explanatory leaflet which can be obtained from your local VAT office. You must decide if you wish to take the matter further. We can only say that the law in this area is not clear and you have a chance of winning your case. We would not like to say how great that chance is.

Legal rights to a will

A father died and in his will left the whole of his estate to his second wife, his first having died some years ago.

His only son was not left anything at all, and I understand that under Scottish law the son has legal rights to a share of the estate irrespective of the contents of the will.

If this is so, how much can he claim, and is there a fixed time limit for this to be done?

Under Scottish Law, the children of a deceased person who dies leaving a will are entitled to make a claim against his/her estate known as Legitim, irrespective of whether they receive any provision under that will. Where the deceased leaves a surviving spouse, the claim to Legitim extends to a one-third interest in his/her moveable estate (ie excluding heritable property) which is divided amongst all the surviving children and issue of children who have predeceased.

Where the deceased does not leave a surviving spouse who would be entitled to claim legal rights in their own right the Legitim fund is increased to one-half of the moveable estate.

As we understand your letter, the father was survived by a widow and one child, who was his only son. In these circumstances, the Legitim fund will be one-third of the moveable estate to which that son alone will be entitled.

The claim for legal rights should be made by the son against the executors or the trustees appointed under the will and there is no time limit within which the claim must be made. Obviously, for practical reasons, the claim should be made as soon as possible.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

YOUR SAVINGS AND INVESTMENTS-2

CTT and the investor: **Eric Short** reports on a possible solution

A better inheritance

INVESTORS WISHING to minimise their CTT liability are often faced with a dilemma. They see the need to transfer assets in order to reduce the burden of CTT but may need extra income and want some say in what happens to the assets.

Merchant Investors Assurance, the UK linked-life subsidiary of the Dutch insurance group Nationale-Nederlanden, considers it has the solution to the problem with its Inheritance Trust launched last week.

The contract, a highly tax efficient vehicle, enables an investor to transfer assets outside his estate, so they can ultimately be passed on free to CTT, yet still retain control and receive an income from those assets that is tax-free up to high levels.

This double advantage of CTT avoidance and tax-free income is made possible in the first instance by measures taken by Sir Geoffrey Howe last year.

The 1981 Finance Act enables investors to make interest-free loans to beneficiaries without incurring a CTT liability provided the money is invested in non-income producing assets. Previously, the amount of interest forgone, calculated on a commercial basis, was assumed to be a transfer for CTT purposes.

This year's Finance Bill makes no move to curb any of the tax avoidance schemes marketed by life companies, that rely on artificial, complex product designs, despite all Sir Geoffrey's crusading language in his Budget Speech.

So how does the Inheritance Trust work?

Stage 1—The investor buys a single premium bond for a nominal amount, say £500; written under a flexible trust for his chosen beneficiaries. This is a transfer for CTT purposes, but falls comfortably within the annual exemption limit which is currently £3,000. The investor is one of the trustees.

Stage 2—The investor lends the balance of the amount to be transferred to the trustees as an interest-free loan, repayable on demand. For example, if the total transfer is to be £100,000, the loan will amount to £99,500.

Stage 3—The trustees use the loan to purchase a Capital and Income Bond. A life bond is regarded as non-income producing in contrast to, say, unit trusts.

Stage 4—This Bond is a cleverly designed combination of term assurance policies and a regular premium linked savings contract in which all the investment is made and is regarded as qualifying even though the premium is a peppercorn £1.

Stage 5—The investor can withdraw up to 10 per cent of his original investment—of £99,500 in the example—entirely tax-free, the actual amount of withdrawal being varied to meet the investor's circumstances. This is regarded as repayment of the loan. The money comes from cancelling units in the regular premium policy and is not technically income.

Stage 6. After 10 years, withdrawals can be made from the qualifying policy which in theory are tax-free. In practice, there is a danger of the Inland Revenue treating regular income payments under Schedule D. So Merchant Investor suggests that the Bond is taken as several complete policies. When the investor needs income, the trustees transfer a complete policy—as a capital payment. The investor then part-surrenders the policy over a period to meet his income requirements. The company empbasise that such transfers should avoid a regular pattern.

Stage 7. The trustees can pass on the assets to the beneficiary at any time free of CTT with the agreement of the investor—ultimately the transfer would be made on the death of the investor.

The amount of the loan outstanding remains an asset in the investor's estate. Thus the purpose of the scheme fails if the investor dies in the early years after taking out the plan. But any capital growth on the assets would be frae of CTT, and in any event the CTT position is no worse than if the investor bad done nothing. This aspect does, however, highlight the need not to wait before planning action on CTT and the investor should be in good health before taking out an Inheritance Trust.

The choica of fund in which to invest is very important, since each loan repayment comes from a cash-in of units. Tha investor does not want to be casbing-in units when the price is depressed. So the underlying fund sbould provide steady growth, as with a property of managed fund, rather than one subject to voltile fluctuations such as UK or overseas equity funds.

An important point is that the investor can only purchase the bond with cash or through a share exchange scheme. So the plan does not solve the problem of passing on land or property. Nevertheless, despite these definite disadvantages, Merchant Investors reports investment of over £1m in the scheme in the first days following the launch. Investors should however consult their professional adviser before embarking on this scheme.

A similar plan to minimise CTT while allowing the investor income on tha assets and retaining control has been launched by Crescent Life Assurance, the linked life subsidiary of the Life Association of Scotland. This company is also a subsidiary of Nationale-Nederlanden, but is very much a member of the life company Establishment. Jim Souness, its chief executive, is currently chairman of the Associated Scottish Life Offices.

So it cannot use artificial life contracts under the gentleman's agreement between (ASLO) and the Revenue. Hence under the Crescent Transfer Trust, the investment is made in an ordinary lifebond which lacks tha tax efficiency of the Merchant Investor's Capital and Incomes Bond.

Under this scheme, the investor can make gifts as well as loans to the trust and take up to 5 per cent of the combined value as income. But these withdrawals are subject to bigher rate tax, deferred until the eventual cash-in.

It is difficult to see how this new plan from Crescent can possibly compete with the Merchant Investor scheme while the Revenue continues to take no action on artificial designed life contracts.

Something for self employed

SIR GEOFFREY HOWE has been sympathetic to the needs of the self-employed in making their own pension provision—they only get the basic pension from the State scheme—and has greatly extended the tax concession limits on contributions in each of his past two Budgets.

Now the self-employed, especially those of 50 and over, can put aside worthwhile amounts from their earnings into a pension plan with a life company, getting full tax relief on the contributions.

Life companies, traditional and unit-linked, bave taken full advantage of this growing market by designing a variety of schemes offering flexibility of contribution payment, and a wide range of choice in the timing and method of taking the benefits.

To take full advantage of the tax concessions, the self-employed person has first to decide how much he can set asida into a pension plan.

Then the self-employed has to decide whether to make his contributions annually, thus committing himself to future savings. Or whether to make a single premium payment each year and re-assess tha situation next year. Or a combination of both.

Planning the pension is a major exercise for the self-employed and his advisers. To understand what is happening, the self-employed needs to understand the basic benefit structure and contribution limits.

The latest edition of the Self-Employed Pensions Handbook* now available provides fully updated information on this subject.

Next the self-employed has to decide which type of pension plan he should select, from which life company—and the choice is bewildering. The handbook provides data on 90 companies covering 120 plans:—with-profits, unit-linked and deposit administration.

The book describes each type of contract and gives guidelines on which type is preferable for different investors. The book reviews past performance going back eight years, as a guide to the potential of each type and each life company.

Finally, the book has a chapter on the latest development loanbacks to pension policyholders. It explains how loanbacks operate, with numerical examples and how they can be used.

** Self-Employed Pensions, The Marketing Dept., The Financial Times Business Publishing, Greystoke Place, Fetter Lane, London EC4A 1ND. Price £12.50 UK only.*

E.S.

Rosemary Burr continues her series

A boost for that country cottage

The CGT balancing act

THE INTRODUCTION of indexation of Capital Gains Tax in the Budget has made the purchase of second homes and property for letting much more attractive than in the past. Of course quite a lot depends on what happens to house prices relative to the Retail Price Index. If house prices rocket ahead of the index you could still find yourself paying a fair whack of capital gains tax but even so, it will be much less than under the old rules.

To see how the new system works, let's assume you buy a second house in May 1982 for £60,000. Part of the acquisition is financed by a £20,000 bank loan at 15 per cent which costs you £3,000 a year to service. Your net rental income after expenses excluding interest is £3,000 a year and this covers the interest charge. In May 1988 you sell the property for £105,500.

In order to work out your CGT bill, first index the cost of the property to take account of an assumed 10 per cent rise in the RPI over each of the five years from May 1983 as the first 12 months of ownership do not qualify for indexation. The indexed cost would be £96,630. Then subtract the indexed cost from the sale price and the remainder is liable to capital gains tax.

In this case the remainder is £8,870 and, assuming you bave no other capital gains, this will equal your annual exemption, currently £5,000, which is now also indexed. So providing the net rent equals interest due it now pays to gear up. This is because what is indexed is tha gross cost not the "actual" investment of £40,000.

Before indexation you would have paid CGT on the monetary gain in value of the property and there was no guarantee that the annual exemption would be increased in line with inflation. The saving is clearly substantial and, with interest rates beneath their peak, it makes sense for more people to examine the possibility of investing in property for letting.

Source: Touche Ross and Company provided information.

Raising the new money

WHO SAYS investment managers no longer raise new money at the top of the market? The accompanying table is a list of investment trust new issues (new companies and rights issues) between November 1980, when sentiment in the sector generally took a turn for the better, and the present day.

It does not take more than a quick glance to see that investors who subscribed at the issue price have in virtually all cases seen the value of their holdings shrink significantly.

Only Independent, a new company floated by way of a rights issue out of Atlantic Assets in November 1980, has managed to move ahead over the period since its launch, though a couple of others have almost been able to hold their position in difficult conditions. The warrants of BG Japan, New Tokyo and New Darien make their performance slightly better.

The new issues—which raised about £120m of new money in 1981—were made possible by the increasing enthusiasm last year for specialist investment vehicles. Demand for general investment trusts offering a spread of securities between the UK and overseas markets has been falling steadily over the last decade as the sector has become increasingly dominated by institutions such as the pension funds and insurance companies.

These big shareholders have made it clear that they are more interested in investment trusts with a specialised portfolio, rather than those stuffed with the sort of blue chip securities they already hold.

Certain management groups (Touche Remnant and Robert Fleming recently, for example), have changed the aims of existing companies in order to satisfy this wish. Others, egged on in many cases by institutional shareholders which happily accepted pre-placed stock, saw the opportunity to raise new money last year for the first time since the early 1970s.

The fall in the share prices of most of these stocks is attributable, of course, to the poor performance of the sectors they represent. The energy and Far Eastern issues, notably Baillie Gifford of Japan, which has lost 25 per cent of its value since December) have been worst hit with the widening discount between share price and asset value exacerbating the underlying portfolio decline.

Tim Dickson

INVESTMENT TRUST NEW ISSUES

Name of Trust (Management Group)	Date issued	Issue Price	Price now
New Tokyo (Edinburgh Fund Managers)	Nov 80	100p	99p
Independent (Ivory and Sime)	Nov 80	107p	130p
TR Energy (Touche, Remnant)	Jan 81	100p	61p
New Darien Oil (Hodgson Martin)	Feb 81	100p	70p
GT Global Recovery (GT)	Apr 81	100p	75p
First Charlotte (Ivory and Sime)	May 81	10p	9p
Murray Technology (Murray Johnstone)	May 81	100p	83p
Stewart Enterprise (Stewart Fund Managers)	May 81	36p	31p
FACET (Foreign and Colonial)	July 81	20p	17p
Japan Assets (Ivory and Sime)	July 81	25p	18p
East of Scotland Onshore (East of Scotland)	July 81	54p	52p
Stockholders Far East (John Govett)	Aug 81	$2	$1.62
Precious Metals (RIT)	Sept 81	100p	80p
New Australia (Edinburgh Fund Managers)	Nov 81	100p	76p
Baillie Gifford Japan (Baillie Gifford)	Dec 81	100p	75p

Moving up the queue for beds

HEALTH COVER

CARLA RAPOPORT

WHEN DIGGING up the creeping clematis in the garden results in a hernia, most people will curse their luck and join the waiting list for a National Health Service operation. Private hospital fees are soaring and fewer than 1 in 15 in the UK are covered by private health insurance.

A little-known health insurance scheme, however, offers a fresh alternative for those happy with the National Health but unhappy with the prospect of queueing for a hospital bed.

Started up by Private Patients Plan (PPP), a health insurance company, the scheme is effectively complimentary to the NHS, not a replacement for it. For a nominal amount each month, PPP's Private Hospital Plan insures private treatment if a NHS consultant advises an operation but says the waiting list is longer than six weeks.

The nationwide number of patients waiting for NHS operations has dropped in recent years, but the figure is still over 500,000 and the waiting time, on average, is still around five months.

PPP's scheme was first developed for Automobile Association members, but was opened to the general public just two years ago. Since then, subscribers have nearly trebled to more than 17,000.

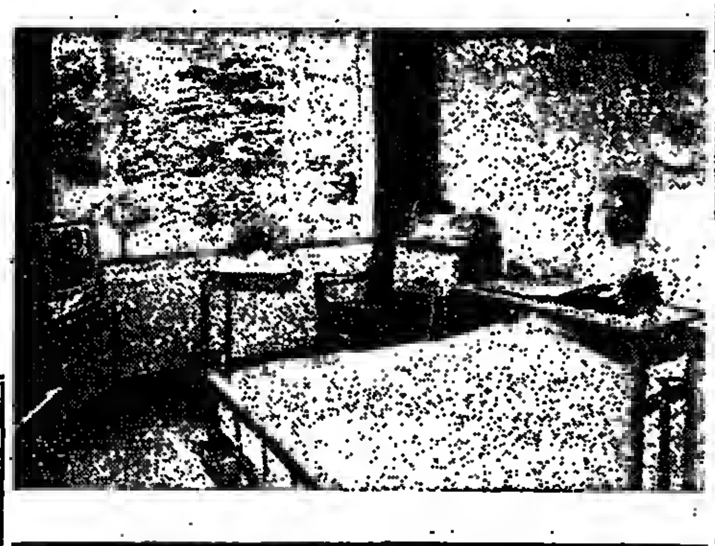
The fees for the plan vary according to the amount of coverage and the subscribers' age. For a single person under 30, the premium is £3.45 per month, while an older married person with a family pays £10.25 a month for the scheme. The insurance provides coverage up to £3,750 for normal operations and up to £7,500 for heart or cosmetic surgery after an accident.

Full private patient coverage with BUPA or PPP costs up to three or four times more per month than the Private Hospital Plan but it eliminates the use of the NHS.

Under the PPP special plan if the waiting list for a NHS operation is less than six weeks the subscriber then uses National Health facilities, but will receive a cash benefit of £18 per night.

Mr Roy Forman, the marketing director of PPP, says that the scheme was originally designed for people who couldn't afford full health insurance. "In fact, we've found that the plan appeals to people of all income groups. We find it difficult to fathom why some people choose some plans, but this one seems to be accepted by both the very well-off and those with lower incomes. Even some of the very well-off don't want to spend a lot of money on health insurance."

The hernia operation for the weekend gardener, for example, can cost as much as £1,000 in a private hospital. A knee operation can cost up to £5,000. These costs plus the possible waiting times for a NHS operation make the PPP option one to consider.



Challenge of the TSBs

BUILDING SOCIETIES are in a tizzy about tha competition from the Big Four clearing banks but few of them seem to have noticed that the real long-term threat may well come from the Trustee Savings Banks (TSBs).

Unlike the big banks, the TSBs are tightly controlled by the Treasury in the amount of money they can lend in the house market. Nevertheless, they bave lent £325m so far and are allowed to lend another £130m in the current year. If the Treasury took the controls off the TSBs (they must do this over the next few years), they could easily triple their lending without too much difficulty.

Unlike the big banks which bave traditionally lent most of their money to industrial borrowers, the TSBs concentrate on the personal customer and, like the building societies, are non-profit making. The home loan market is a natural target for them, and as the controls are removed the TSBs are going to step up their attack on this market.

A sign of things to come is this week's announcement by the TSB South East—Britain's biggest TSB—of its First Time House Buyers Package. It is offering 100 per cent mortgages of up to £30,000 to young people under 35 who are buying their first home.

A key feature is that the bank is not requiring borrowers to repay any capital during the first five years, only interest. In addition, it is offering 10 per cent discounts on insurance for tha home and its contents, and it is throwing in a free valuation report provided a mortgage is taken out.

For other borrowers it is abolishing its £50,000 maximum. This year it plans to lend another £20m taking its mortgage lending up to £68m.

William Hall

BOOKS

Arthur's kingdom BY T. R. FYVEL

Koestler: A Biography
by Iain Hamilton. Secker and Warburg. £12.00. 398 pages

During the war in 1942, Arthur Koestler met Mamaine Paget, one of the beautiful "Paget twins." He and she lived together for the next 10 years or so, for most of the time in marriage—Mamaine died from illness not long after their (by and large friendly) separation. During those years Mamaine wrote constant letters to her twin sister, Celia. Mr Hamilton has treated this lengthy correspondence as vital documentation about Koestler. This, I think, is unfortunate. I remember Mamaine as intelligent as well as beautiful, but feel that her daily letters to her twin, personal, emotional, simply dashed off, were never meant for extensive publication.

Basing his work upon this correspondence, Mr Hamilton has painted a picture of Koestler drinking too much and engaging in too many affairs and quarrels. The portrait no doubt contains some truth, but also some caricature. At times it may make the reader forget that Koestler was a deadly serious writer, who spent most of his time writing books of great intellectual originality. It is by his ideas, and not by anything else, that he must ultimately be judged.

In undertaking the daunting task of writing a biography of Koestler, Mr Hamilton had had to face two serious difficulties. His subject's earlier life, the path which led him from Hungary to Berlin, Palestine, the Soviet Union, the Spanish civil war and his dramatic break with Communism has been dealt with at length in Koestler's autobiography, and books like *The Spanish Testament*. Koestler himself has already said it all. Mr Hamilton wisely covers these years only in brief.

Similarly, Mr Hamilton is equally brief about some of Koestler's later writings on scientific matters which he lacks the expert knowledge to judge. Thus, the biography is mainly focused on Koestler's middle years, during which he changed from being the embattled political author of *Darkness at Noon* to becoming the detached writer about Renaissance astronomy and modern science.

In covering these years, Mr Hamilton, quotes far too much and too often from the opinions of reviewers and others. Still, from his pages some kind of sketchy picture does emerge, of Koestler as a restless intellectual always on the move. We see him consorting, now with Bertrand Russell, George Orwell and David Astor in England; now with Sartre, Camus and de Beauvoir in Paris; now with Jewish intellectuals in Palestine; now with their counterparts in the U.S., before finally settling down in England.

We see him always among causes. In 1945, with Orwell and others, he tried to set up a body of writers to defend Western values. This effort quickly came to nothing, but next one sees Koestler deeply identified with the Jewish struggle for the state

Trevor Humphries

Koestler: hunches and hang-ups

of Israel, about which he wrote a notable novel, *Thieves in the Night*, before losing interest in the subject. In 1950 he took the initiative in the international meeting of writers in Berlin from which the Congress for Cultural Freedom emerged, but he quickly resigned from the Congress. Next, in Britain, he was campaigning with Astor against capital punishment and for penal reform—to this cause he has remained constant.

In discussing the books and the many articles which Koestler produced during those years, Mr Hamilton misses an important point. Koestler may have written first in German, then in English, and may have always been conscious that he was Jewish; but he was born a Hungarian. As a wise friend told me, Hungarian intellectuals are today's prime interpreters, and this has been Koestler's basic theme: ceaselessly to seek experience, and then to interpret it. Thus in *Spanish Testament*, he interpreted his experience, with its mystic moments, of being Franco's endangered prisoner. In his great classic work, *Darkness at Noon*, he tried to interpret the mechanics of Stalin's nihilism. In writing about researchers into the Universe, from Copernicus to Newton in *The Sleepwalkers*, he tried to interpret how Western thought developed during the Renaissance.

In all his later writings about *The Yogi and the Commissar*, about questions of scientific judgment, of psychology and parapsychology, he has sought to interpret all possible views about the human situation: why one could, as he said, be a short-term pessimist but a long-term optimist about man's fate.

I think that Koestler's interpretations have always been relevant to our central concerns, but *Darkness at Noon* apart, their abiding value has still to be judged. Mr Hamilton, in his curiously documented book, does not attempt any such judgment, but he has produced some of the raw material for those who will essay the synthesis which the work of this most serious writer demands.

Miles the Maestro BY KEVIN HENRIQUES

Miles Davis: A Critical Biography
by Ian Carr. Quartet. £13.50. 310 pages

British trumpeter and writer Ian Carr set himself an exceptionally daunting task when, quite some years ago now, he embarked on the onerous project of writing a biography of trumpeter Miles Davis, one of the most complex, enigmatic, controversial and influential figures in jazz.

First it must be said that Mr Carr's account of Davis the man is the biography's least successful aspect. His childhood and early life are covered in a flash—by page 16 we are reading about the teenaged Davis joining Charlie Parker's group in New York. For some the skimpy treatment of the formative years will not be a fault; but there is little doubt that Davis's subsequent truculence, waywardness and anti-white attitudes, evolved as a result of youthful puzzlement and dismay at coming from a prosperous, middle-class background, yet having to endure such humiliations as being chased in his home town of East St. Louis by a white man shouting "Nigger! Nigger!"

But for the serious jazz follower it is Mr Carr's full evaluation and expert explanation of Miles Davis's music which provides the vital, beating heart of the book. The description of the various landmarks, or transitional recordings and individual tracks brings a new appreciation of, and insight to, the music, helping all listeners, veterans and neophytes alike, to fuller comprehension and enjoyment. For musicians this is greatly enhanced by an appendix which contains approximate transcriptions by Mr Carr of 10 of Davis's solos. Supporting this is a full discography (by pianist/broadcaster Brian Priestley) including Davis's latest and already much-discussed LP release.

In the realm of musical evaluation only occasionally can one take serious issue with the author, mainly when he assigns extra importance to some of Davis's admittedly key albums. For instance, he avers that the Davis *Porgy and Bess* is "a major contribution to 20th century music;" that *Kind of Blue* is "perhaps the most influential single album in jazz history" and *My Funny Valentine*, "one of the very greatest recordings of a live concert."

Stimulatingly, though, Mr Carr posits the view that Davis, unlike most jazz innovators, has brought to his music the idea of sustained conceptual development.

Finding something new to say has been clearly a problem for Davis and shortly London audiences will have a chance to judge for themselves whether the distinctive-styled trumpeter, though comparatively inactive in recent years and often hit by ill-health, has been able to move on and rise "phoenix-like from the ashes of his spent phases."

This photograph from an American production of "Guys and Dolls" is used by Alison Luria in her "The Language of Clothes" (Heinemann £10.00). Miss Lurie comments— "the gambler's pin-striped suit, like that of the stock-broker, suggests the ruled columns of a ledger. Note also the dark shirt and white tie of his friend, which, reversing the customary colours of the business costume, implies a reversal of conventional values." The book contains much more of the same. A.C.

Freeze frame

Polanski: His Life and Films
by Barbara Leaming. Hamish Hamilton, £9.95 (paperback £5.95). 154 pages

Polanski's life and Polanski's films share the same nightmarish quality. It is inevitable the artist uses material from his own life—but in Polanski's case the emphasis is somewhat different. It is almost as if real life echoes the violence of his imagination rather than the other way round. Thus the terrifying murder of his pregnant wife, Sharon Tate, and her friends became, with the help of over-excited (and creative) media, as mythic as anything he'd put on celluloid.

Polanski himself seemed confused, posing as if for a film-still, on the blood-spattered steps of the house in Cielo Drive where the Manson gang struck. He took this confusion a stage further when he chose to make *Macbeth* his next film.

Later in life and career, another parallel occurred when, after being sentenced for the statutory rape of a 13-year-old girl, he picked on *Tess of the D'Urbervilles* as his next film.

Polanski's life story opens in Poland in the 1930s. At the start he is the victim. In 1941 the eight-year-old Jewish boy, "Romek," is thrown out of a truck by his mother. She is on her way to a concentration camp where she dies. "Romek" returns to his father and Cracow ghetto. But his father is also taken away. Somehow the boy survives, spending time in a village with a Catholic peasant family. After the war, father and son are reunited in their war-torn city, but only until the father's remarriage, when the throws his difficult son out of the house. Roman Polanski's character is already formed. Always physically undersized; he moves among the desperate like a demonic force, a survivor who has had no time to learn about morality. Nor even good behaviour.

Soon he is a successful film actor and then, enrolling in the famous Polish Film School, moves to directing. But the restricted scope of East European cinema is not enough for him. He wants the mass audience of the West. *Knife in the Water* is this Polish success. *Cul de Sac* and *Repulsion* are made in the London of the Swinging Sixties. At last he is poised for the final move West. As Ms Leaming writes, "Roman Polanski was a natural for Hollywood. His interests were right — sex, violence, madness, the bizarre . . ." In this atmosphere Polanski produced the highly successful *Rosemary's Baby* and *Chinatown*.

The total amorality both of his life-style and his creative vision found, so it seemed, an appropriate home in the Hollywood of the late 1960s.

There is, of course, a distinction between life and art. No one would deny Polanski's talents as an extraordinarily gifted and hard-working film-maker. But the effect of this book, the juxtaposition of his extremely unedifying personal life with his similarly unpleasant screen inventions, is to make one question one's own role as spectator.

RACHEL BILLINGTON

Crime

Suffer Little Children by Sheila Johnson. Collins. £6.25. 181 pages

A first novel by a voluntary social worker in Derbyshire, this book was inspired by an actual event—the brutal murder of an old woman by some kids—and written in anger.

What happens here is horrible; the author conveys the horror with compelling honesty. This is a very fine debut.

WILLIAM WEAVER

Fiction

Way out BY ADAM MARS-JONES

The Making of the Representative for Planet 8
by Doris Lessing. Jonathan Cape. £6.50. 145 pages

Before She Met Me
by Julian Barnes. Jonathan Cape. £6.50. 183 pages

Next to Nature, Art
by Penelope Lively. Heinemann. £6.95. 186 pages

Unannounced, and perhaps unsuspected by herself, Doris Lessing has stopped writing novels. In her sequence *Canopus in Argos: Archives* she is doing something else. But what?

The Making of the Representative for Planet 8 is the fourth in the sequence, and the shortest to date. It describes the material, social, philosophical and spiritual changes brought about to the inhabitants of Planet 8 when their world, once fertile, slowly freezes. The inhabitants (who speculate in long, awkward monologues on their place in the universe) are the handiwork of another species, referred to as "Canopus," which seeks, by advice and instruction, to raise its creatures to its own high level.

The volume is rounded out with an odd Afterword meditating on Scott of the Antarctic. This generates a certain definite momentum; but too late to save a book which seems at once thin and self-indulgent. It is, unfortunately, possible for a writer to rediscover in fantasy all the banality of realism.

Julian Barnes' *Before She Met Me* is by contrast both disciplined and rich. If this were a play there would be a mad scramble for all the parts, since even "walk-ons" deliver splendid lines of analytical comedy; and if there is a single distinct personality behind all the wisecracks, that does not make them any less neat or funny. The danger is rather that the manifold surface pleasures of the book deter the reader from expecting pity and terror in any measure from its plot.

Graham Hendrick is in his early 40s, secure in his job and intensely happy with his second wife. Then, he starts to get jealous; not in the present (for she is devoted to him), but of her past, when she was an actress and fancy-free. His interest in her past lovers starts as a quirk, continues as a hobby, and ends as a terrible obsession. It makes inroads into every part of his life; and it destroys him.

Graham's brain, in fact, becomes his enemy. Instinct and intellect are profoundly incompatible, as the book's first epigraph, taken from a medical journal, points out; so presumably Graham has been lucky to fall apart so late in life. The book itself is very much a super-ego job, a cool account of turmoil. At one point, during coitus, Graham's first wife recognises on his face "the expression of a supermarket shopper who doesn't need anything from the deep freeze but still peers briefly and ritually into it." It takes the reader a moment to realise that, scrutinising her husband's lack of passion, she is being at least as dispassionate as he is.

The presiding tone of the book is a dismissive wryness, which defuses and interprets and tames; so that it becomes puzzling rather than upsetting that Graham has not developed the narrative's immunity to *irrational drives*. It seems almost perverse that he doesn't step back from the brink.

In *Before She Met Me* Julian Barnes has extended his range without modifying his tone. What this story calls for is a reptile with a pen; no worse description of him could be devised. Even at his most elemental he is notably suave. When it comes to giving such a sane and balanced account of a

Doris Lessing: where have all the novels gone?

destructive obsession, Apollo, for all his brilliance and worldly-wisdom, comes close to patronising Dionysus.

Almost every character in Penelope Lively's delightful *Next to Nature, Art* is impersonating Dionysus for pleasure and profit. The setting is Framleigh Creative Study Centre, a stately home to which a dozen amateurs come for a week of supervised self-expression. There is pottery and poetry, there is pretension and self-promotion, and (to start with) there are Filipino servants to do the chores. The book, which has distinct echoes of Iris Murdoch's *The Bell*, mildly rebukes the idea of art as something sacred and separate. Relief from the manufactured intensity of the staff and the gullibility of the students is provided by the child Jason, who is amoral without needing to work at it, and by Mary Chambers, who notices things without being seen to do so. One exquisite passage of description from her point of view does for slugs what *Black Beauty* does for horses, and establishes them as black beauties in their own right.

Plight of the Poles now

BY ANTHONY ROBINSON

The Polish Ordeal
by Andrezej Szczypiorski, translated by Celina Wieniewska. Croom Helm, £7.50. 153 pages

The Book of Lech Walesa
Allen Lane (hardback) £8.50, Penguin £2.50. 203 pages

The Polish August
by Neil Ascherson. Penguin. £2.95. 281 pages

God's Playground: A History of Poland
by Norman Davies. Oxford, two volumes, £27.50 each. 605 and 725 pages

When General Jaruzelski unleashed his troops to try to occupy that vast territory of the Polish mind occupied by Solidarity and its supporters, be included in the list of illustrious jail birds a 61-year-old journalist and novelist called Andrzej Szczpiorski. But before that unexpected knock in the middle of a December night Mr Szczypiorski had already sent to Croom Helm, his London publisher, the typescript of a slim, 153 page volume, now published under the prosaic title *The Polish Ordeal*. We can be grateful for his presience.

This wry, self-effacing canter through recent Polish history from the Restoration of national sovereignty in 1918 up to the very eve of the imposition of martial law is, to my mind, quite the most fascinating inside view of the tragic-heroic saga of modern Poland to hand.

It provides the reader with a lucid insight into the way in which a cultured, intelligent Pole views the dramatic events of this century; and leaves a strong feeling of the ultimate futility of present attempts to deflect the Polish nation from its determination to live with honour in its own country.

As a Pole, citizen of a flat country surrounded by Russians and Germans, Mr Szczypiorski's appreciation of Polish history is permeated by the basic historical fact of European culture. The east-west division of Europe was not a product of the Bolshevik revolution, nor of Winston Churchill's Fulton speech, but of a far older and deeper division:

"It was here on the border of Russian and Polish lands, between the Dnieper and the Bug Rivers that one of the longest and most passionate dramas in the history of Europe has been played out. Russia drew her vital inspiration from Byzantium, Poland from Rome. Russia brought forth in her history an autocratic empire, Poland a republic with an elected king . . . in the end Poland found herself under Russian rule at a time when it had outclassed her conqueror completely in culture and civilisation."

That is how Poles felt at the time of the 18th century partitions. They still feel it now, tempered, however, by the feeling expressed most clearly during the retreat of the beaten Russian armies in 1915 that these were "Slavonic fellow tribesmen"; while the Germans were "the eternal invaders and pillagers who, by fire and sword, wanted to subjugate slavic Eastern Europe."

But it is Poland since 1918 which is the real subject of Mr Szczypiorski's book. It is the Poland whose traditions were kept alive by the Catholic Church; whose inhabitants recreated a unified Polish state, after 1918, out of a polyglot population which for over a century had been ruled in very different ways by Prussians, Russians and Austrians. Mr Szczypiorski has praise for Marshal Pilsudski, the inter-war military dictator, but also for Mr Vladislaw Gomulka, the anti-Stalinist national Communist.

Like the vast majority of Poles, Mr Szczypiorski is not a Communist. He shares the bitterness of those who fought Nazi tyranny for six years at home and abroad, only to have a new form of alien rule imposed in the wake of the "liberating" Red Army advance. But he is not blind to the way in which the new Communist rulers managed to inspire Poles, after 1945, into making a success of colonising the former German lands in the West. These were bestowed by Stalin in compensation for the loss of Vilnius and Lwow in the East, in order to give Poles a stake in the post-war division of Europe.

The Stalinist rule of Bierut, the post-war leader, succeeded in alienating most Poles from Communism for ever. He was followed by Gomulka — narrow-minded, dogmatic and penny-pinching; but nevertheless a patriot. Mr Szczypiorski's spleen is reserved for Mr Gomulka's successor — Edward Gierek. His rule was:

"the government of corrupted flunkeys. In the whole expanse of a modern country in the centre of Europe there was no state, there was no law, only an enormous feudal court that gnawed like a malignant cancer at the entrails of the nation."

A start was made in eliminating this cancer in August 1980. Then Lech Walesa, unemployed electrician turned tribune of the people, revealed that at the heart of this cancerous growth was a vacuum. Since December Mr Walesa, like Mr Szczypiorski and over 4,000 other leaders and intellectuals, has been silenced, and the vacuum at the heart of the official Communist State has been superficially filled by the army. But Mr Walesa's eloquent silence since then confirms him as a man whose stature and future importance cannot be denied.

For those who have not read their newspapers for the last two years, Allen Lane has published a collective portrait of the man written by Solidarity members and others who knew him in obscurity, or dealt with him during the 18 tumultuous months of Solidarity's existence. It adds little, however, to the identikit already built up by the media; and the man's own direct roughneck honesty and communicability.

Taken together, however, these two "inside views" of the Polish crisis and its protagonists provide a welcome addition to the spate of recent publications by non-Poles of which Neil Ascherson's *The Polish August*, now issued by Penguin in a second edition with a brief post-December postscript, and the superb two-volume *History of Poland*, written by Norman Davies and published by the Oxford University Press, are far and away the best.

Aussie

BY GAY FIRTH

Her Unknown (Brilliant) Career
by Verna Coleman. Angus and Robertson. £9.95. 219 pages

Stella Miles Franklin achieved literary success in 1901 with *My Brilliant Career*: burlesque autobiography of a strong, independent young woman from the Australian sticks—now made into a strong, independent film.

In 1906, in her mid-twenties, she sailed for America; and did not return home for nearly 20 years. These "lost" years were devoted less to novel-writing than to political activism. Verna Coleman's account of them makes somewhat dispiriting reading.

Here is a muddled sequel to a girlhood fuelled by blazing anger and creative energy. Stella Franklin developed her feminist enthusiasm working in the Chicago labour movement, then in the National Women's Trade Union League; writing for and editing the publication *Life and Labor*. She continued to write novels in America, and later in London; but with less edge and little success. Propaganda preoccupied her. Artistic confidence waned. "Hard work, personal perplexity, ill health and discontent" sounds terribly sad.

But Mrs Coleman's earnest biography, often florid of phrase, does less than it should to illumine a personality which remained optimistic; a flair for language which faded in later novels, flourished in crusading articles; combined with a vivid gift for friendship. The golden girl who had kicked up a lot of Australian dust went on kicking dust, doggedly, until she came to it.

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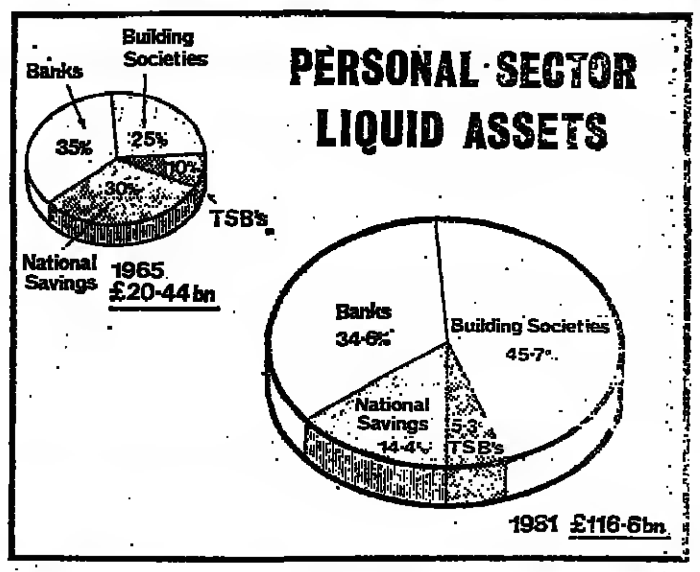
FINANCIAL TIMES SURVEY
Saturday April 17, 1982

Personal Financial Planning



A complete overhaul of the law governing savings is on the cards following the Government-sponsored report by Professor Jim Gower on the movement. Meanwhile the individual saver and investor has to choose from a field where besides greater public scrutiny there is increasing competition for his favour among the various sectors.

Approach needs careful charting

By Rosemary Burr

THE SAVINGS industry has been thrust into the spotlight of public debate over the past fifteen months. Not usually considered one of the most aggressive parts of British industry, this sector is facing a period of intensified competition at a time when its regulation is under scrutiny.

The old boundaries defining the activities of investment institutions are being rewritten. The banks are taking on the building societies on their home ground of mortgage lending. The building societies, in their turn, are starting to encroach on the bank's traditional preserve of money transmission services.

The wind of change is also blowing through the unit trust sector. With the growth in specialised unit trusts the management groups are increasingly finding themselves pressed into the role of investment managers as they advise their clients on when to switch from fund to fund.

The rationale for investment trusts is under attack. Institution investors have led the call for a radical reorganisation of the sector in an attempt to improve the trusts' investment performance and reduce the differences between trusts' share prices and the underlying value of their assets.

The industry has also had to contend with the vagaries of Government policy. Over the past two years the Government has carved out for itself a growing slice of the investment market. The growth in National Savings was taking place at a time when investors were reducing their overall level of savings in an attempt to maintain their standard of living.

Aggressive selling of Government wares such as index-linked stocks only served to intensify the pressure within the savings cauldron. The Government took some of the heat out of the situation in the Budget when it announced a lower National Savings target for the coming year and by its pricing of the 24th National Savings certificate, which left other savings institutions looking relatively attractive to investors.

Against this backdrop the industry has been pushed into the limelight because of the inadequate protection offered to investors. Two highly publicised financial collapses last year—that of Norton Warburg, the investment managers, and Doxford, the commodity dealers—only served to emphasise the gaping hole in the existing web of legislation.

The legislation regulating the securities industry has been on the statute book for more than 40 years and is clearly inadequate in today's marketplace. All you need to get a Government licence to handle other people's money is a clean police record, two testimonials and £500. It is even easier to set up shop as an investment adviser since no qualifications are needed.

Tinkered

Part of the reason for the inadequate state of present legislation is that past governments have tinkered with the rules controlling the investment institutions instead of giving the law a complete overhaul. The result has been a confusing criss-cross of legislation, with some institutions such as banks and unit trusts heavily regulated while others such as commodity dealers offering investment advice "fall between legislative stools," according to the Department of Trade.

Last year the Government decided to take the bull by the horns and appointed Professor Jim Gower to examine whether investors in securities were in need of greater protection. The Department of Trade itself has issued a series of proposals designed to tighten its control over licensed securities dealers.

The proposals published in January have not yet been dressed into final shape. The Department of Trade is still digesting the City's reaction. A draft will be circulated before the summer recess and will then be voted on by members of both Houses of Parliament.

The new rules are unlikely to come into effect for several months but the Department says it is "already tightening up procedures." It admits at the same time that it has been unable to secure a substantial boost to the staff involved.

Professor Jim Gower—his report left no corner of the savings market untouched

In their current form the proposals go some way towards placating the Department's critics but without more staff even the best intentions will be difficult to put into practice. Of particular note is the prescribed treatment of clients' money as a trust fund. This is designed to ensure that clients' accounts opened by dealers or investment managers will benefit from the same care a bank would lavish on a trustee account in the normal run of business.

The proposals include an attempt to rule out possible conflicts of interests for licensed dealers. The Department says dealers should only act as agents for their discretionary or managed clients. In the rare cases where dealers act as principals the Department is suggesting that full details of the transactions should be noted.

While welcoming the Department's proposals as a step in the right direction most City institutions were firmly of the opinion that something rather more sweeping was needed. Few, however, were prepared for the wholesale review of the savings industry which Professor Gower launched on an unsuspecting public at the end of January.

In a lucid 142-page report Professor Gower left virtually no corner of the savings market untouched and even managed to include the pensions industry. He ended up expressing a preference for a radical restructuring of the existing mechanisms to create a new balance between the Government and self-regulatory agencies.

Central to his proposal was the call for four self-regulatory agencies to police the savings industry. These agencies would be set up with statutory backing of the Department of Trade and it would become an offence to carry on business without being registered by the appropriate body.

In order to gain approval an agency's rules would need to be "adequate" to ensure the orderly running of its market, contain powers to enforce compliance from members, provide structures to educate members and a compensation fund to protect investors in the case of collapse. The agencies would undertake the day-to-day administration, leaving the Government to concentrate on overall surveillance.

Professor Gower is particularly forthright in his comments on the lack of regulation of investment managers and advisers. He points to both "a gap in the coverage of controls and in their exercise." The Department of Trade, he argues, has insufficient powers to control investment managers and advisers rather than traditional dealers in securities. He calls for "primary legislation" in order to achieve "a satisfactory result."

Response

There is little chance, however, of "primary legislation" on investor protection during the lifetime of the present Parliament. Professor Gower is currently wading through a hefty postbag from consumers but the professionals appear to be more tardy in their response. It already looks as if some institutions, including the Council for the Securities Industry, will not meet the May deadline.

It is unlikely that Gower's final report will see the light of day before next spring. What is clear is that having got to grips with the issue he is not going to let go in a hurry. The initial response to his comments, it appears has done nothing to alter his views. If anything, it seems, further discussions has only served to reinforce his original contentions.

The subject of investor protection is firmly planted in the centre of the financial stage. As one investment manager said: "The Government will find it difficult to sweep the Gower report under the carpet as it caused such a stink."

Dr Gerard Vaughan, the new Minister for Consumer Affairs, showed last month he was not content to let the grass grow under his feet. He announced plans to implement the outstanding provisions of the Consumer Credit Act 1974 by the end of the year. Among the provisions to be brought into force is one requiring the true cost of a loan in the form of an anual percentage rate to be included in all credit agreements.

Earlier in the year the Government took the savings industry by surprise in announcing its was asking the National Consumer Council (NCC) to investigate personal banking services. The move followed a recommendation from the Office of Fair Trading (OFT) about the need for such an inquiry. The NCC expects to take about a year to draw up a series of recommendations, so these should coincide nicely with Professor Gower's final report.

In addition the OFT is currently considering whether to launch an inquiry into one or more building societies. It has been having what it describes as "informal talks with a couple of well-known societies." Its concern centres on the inadequate choice of insurance companies given to borrowers and the general language of policies and loan agreements, which it argues are sometimes unintelligible.

The fruits of much of this official attention should land in the Government's lap next spring. New legislation remains some way off, so for the moment it is up to the individual to be his own White Knight.

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Support and advice for the would-be entrepreneur

Starting up a business

TIM DICKSON

OFFICIAL SUPPORT for those starting their own business has probably never been greater. Anyone thinking of taking this major step with their own money, however, should consider the options very carefully and if necessary be prepared to heed the advice of people who do not share their optimism. The pitfalls are considerable.

While this may be easier said than done—and while the list of successful companies, particularly in the high technology field, which failed initially to get financial backing from those who claimed to know must always give hope to the budding entrepreneur—there is now a wide range of good advisors in both the private and public sector capable of lending support and on occasions pointing out that the wheel has already been invented.

Small business strategy is undoubtedly a very important part of overall Government economic policy. The shake-out caused by high interest rates and the tight money regime at a time of world recession has not only left many on the dole queues but has also left many inside large companies feeling insecure and apprehensive about further corporate cutbacks.

If the growth of enterprise agencies, new local authority schemes and other initiatives to promote employment and business creation were reflected by the increase in sound new businesses, the Thatcher experiment would certainly be working. But these are not necessarily reliable indicators and at this stage statisticians and politicians can do little more than guess at what is happening.

Some helpful evidence was produced earlier this year by Mr A. Ganguly, the statistician at the Department of Industry. After studying the VAT records for 1980 he discovered that of the total 1.32m legal individual units in 1980 around 10,000 new businesses were registered each month and another 10,000 disappeared. There were therefore broadly speaking no net new additions and the annual "turnover" of businesses was very roughly 10 per cent.

Ganguly stresses that these figures are only estimates and indeed they do have limitations. Businesses with sales of less than £15,000, for example, did not have to register for VAT and while this was set at a level to bring in virtually all full-time traders, many businesses may have been missed. That would seem to be confirmed by a recent estimate from Mr Graham Bannock, managing director of the Economist Intelligence Unit, that the total stock of UK businesses is 2.3m.

The key message of the Ganguly figures, however, is the high rate of withdrawals from the register (presumably because of failure) as well as the promising number of new ventures. Experience elsewhere suggests that as many as eight out of ten new businesses ultimately fail in the first couple of years, so the chances of success would not appear to be all that good.

What, though, has the Government done to make it all easier? Ministers can often be heard reeling off a list of measures which they have introduced since the Tories came to power in 1979—though Mr Harold Lever, the first Minister ever to be given special responsibility for small firms, also deserves considerable credit for his achievements under the last Labour administration.

The Government's list of measures aimed at helping small companies now totals more than 80 and though most of these are actually for existing companies there is significant support for start-ups. There is not room to mention them all but the most eye-catching perhaps is the Government's Business Start Up Scheme.

Introduced in the 1981 Finance Act the scheme allows individuals to claim tax relief on an equity investment in a "new" company (up to five years old) at their top marginal tax rate. Naturally there are certain restrictions on the type of company (financial services businesses, for example, are excluded) and limits on the amount of relief any one individual can claim. The maximum investment was £10,000 for 1981-1982, though this has been raised to £20,000 in respect of 1982-83 and 1983-84. (Unused relief last year can be carried forward making the effective maximum £30,000 for 1982-83.)

The effect of this measure is that the net cost of a £10,000 investment in a new company is only £2,500 to someone paying tax at 75 per cent. Besides being an attractive deal for investors the scheme is potentially a great help to the would-be entrepreneur looking for start-up funds.

Appreciating the difficulties of bringing together the individual investor and the right entrepreneur for him, a number of promoters have set up funds which allow participants to take advantage of the scheme. The biggest of these is the £8.6m Electra Risk Capital, while stockbrokers Laurence Prust have been involved in two, known as the Basildon Fund and the Second Basildon Fund. The £1.1m Basildon Fund is already fully invested in a wide variety of new businesses.

The Government clearly intended the scheme to be used by individuals on a "Do it Yourself" basis. At this stage, however, accountants report only a trickle of cases where investments are being made with the scheme in mind. The feeling is that there are still too many restrictions and uncertainties, though some of the small print could well be changed during the committee stage of this year's Finance Bill. Anyone using the scheme should nevertheless liaise closely with an accountant or other professional advisor.

The Government Loan Guarantee Scheme, which is being run through the clearing banks, is the other small owners "headline" measure of the past three years. This provides a Government guarantee for 80 per cent of a medium-term loan in return for a 3 per cent "premium" paid by the borrower. The idea is to encourage the banks to lend to "marginal" cases which they would have turned down without the guarantee and although it is aimed at existing companies about half of those *which* have been *approved* by the Department of Industry have apparently been new businesses.

The *Government has* also helped by improving the tax regime. The reductions in income tax and the indexation of capital gains tax are of course incentives for everyone but specific action has been taken to help small companies. In the last Budget, for example, the small companies Corporation Tax rate was raised, enabling moves were made to help unquoted companies to buy back their own shares; tax relief on interest borrowed to invest in close companies was extended to a wider group.

The steps to be taken in setting up a business are numerous but money is generally the first hurdle. Here the bank is inevitably the first port of call and a well prepared financial plan is absolutely essential. Before doing this one possibility might be to go on a start-up course and there are literally scores of educational establishments and other agencies running relevant "events."

Other considerations at the outset include premises (again there are many organisations prepared to help) and marketing. A major *pitfall* once a good product or service has been developed is *forgetting* to ask the question, "Who will buy it?"

The Department of Industry has a Small Firms Counselling Service; British Steel Corporation (Industry) can provide advice and financial support in steel closure areas; Enterprise Agencies are springing up supported by big companies (*though* the quality of their activities varies); good bank *managers* and accountants should always be prepared to listen. The range of experts and the sources of finance are considerable but it is impossible to lay down rules. At the end of the day much depends on the individuals involved, so it is well worth shopping around.

One of the best publications on what is available is "Sources of Information for New and Small Business," prepared by Mr Colin Barrow of Thames Enterprise Agency in collaboration with the BBC and Shell UK. This is good value* and it has countless names and addresses of useful educational *establishments*, sources of money, organisations which will help with marketing and marketing, tips on how to find out about patents, trademarks, copyright, VAT, employment law, pensions and National Insurance etc., and other specialist small business advisory services.

Other useful guides (on money) are Finding Money for Your Business (Price £3.50 from CBI Publication Sales, 103 New Oxford Street, London WC1A 1DU) and Money for Business, which is available from the Bank of England City Communications Centre.

**Price £1 from Colin Barrow, Business Club, Thames Polytechnic, Riverside House, London SE18 6BH. Cheques payable to "Business Club" and send large 25p SAE.*

Opportunities to enjoy tax-free savings

Working abroad

TERRY GARRETT

GOING OVERSEAS to work can provide a major opportunity to earn a substantially higher salary. Initial calculations of how much better off the expatriate family will be often go wide of reality but nevertheless living and working outside the UK inevitably makes it easier to gather capital. Not only does a higher proportion of salary reach the bank account; there is a chance to accumulate savings free of UK income and capital gains taxes.

Now that exchange controls have been abolished in the UK the main difference of working overseas is taxation. An essential issue for investment and other decisions will hinge on *the tax status established with* the Inland Revenue.

Someone who is only going abroad for a few months will not face too many problems sorting out his affairs. On condition that at least 30 days have been spent working outside the UK then a quarter of the income relating to overseas work is exempt from tax. Relief is available for longer stays abroad and can be pushed up to 100 per cent if the "qualifying period" is over a year.

The idea is to lose UK residence, at least as far as the Revenue is concerned. In a nutshell the Revenue seeks to tax income arising in the UK, no matter to whom it belongs, and *to tax* all income earned by UK residents no matter where it arises.

The Revenue takes the line that an individual *is* resident if he spends 183 days or more in a tax year in the UK or if he spends more than 90 days on average in the UK *over* a span of four years.

A *non-working* expatriate is also considered to be a UK resident *if he retains accommodation* for himself in the UK and *visits* the *country* just once. It does not matter how short the visit or whether or not he used his accommodation.

Where a person goes to work overseas on a full time contract of employment, which means he will be out of the country for at least one full tax year, he will be treated as a non-resident by the Revenue from day one. Visits to the UK will not affect his status as long as the 183-90 days rules are not broken.

Again, on the score of taxation, potential expatriates should not ignore capital gains tax considerations. If it is necessary to dispose of assets before departing try to avoid selling investments showing capital gains tax liabilities. Once non-residency has been established, these can be sold without any tax liability. Similarly assets to be disposed of which would show a loss should be sold while still a resident, therefore establishing a tax loss which can be carried forward to the expatriate's return to the UK.

Nothing to do with taxation ever *seems straightforward* and the position for both income and capital *gains* taxes can be further complicated for a married *couple, especially if one* remains a resident while the *other is abroad and technically* a non-resident. It is just as well to get *full* professional advice in advance of going abroad.

Though exchange controls no longer exist in the UK, they do to a lesser or greater extent in many other countries. *If* you find yourself working in a country with *tight regulations*, you will want just enough of your income paid into an account there to cover your living needs, with the rest diverted to a control-free area — tax havens such as the *Channel Islands* or the Isle of Man are ideal for the British expatriate.

Where to turn to for advice? *The UK clearing* and *merchant* banks are the obvious first port of call. All have plenty of expertise in guiding potential expatriates and *few will* be without offices in the traditional tax havens — a hang-over from the days of strict exchange regulations. In many respects the British expatriate is particularly fortunate in that his clearing bank may well have more than just a representative office in the country of his work. He can therefore keep transfers to and from the UK, country of employment and perhaps a financial offshore centre all under "*one roof*".

All the established (and the not so established) fund management houses are willing to proffer investment advice. But unless you are a particularly large investor, apart from establishing an overall strategy at the outset there is unlikely to be any real personal service. The chances are that investment will be directed towards one or more managed funds, perhaps in-house, and possibly linked to an insurance policy.

Yet if the expatriate investor has a considerable sum to invest —say £50,000 or more, there will be little difficulty in obtaining a more specialised service. It is worth while shopping around, approaching a wide spread of advisors from stockbrokers to Swiss bankers (assuming you have enough to interest them). Find out what they have to offer and examine past performance — though history, of course, can only be a guide.

Finally keep a sharp eye on the charges. They can vary enormously and come in many various guises.

The expatriate, just like any *other investor*, has to weigh up his investment portfolio in terms of both performance and tax-efficiency. For the expatriate, *his change of tax status* throws many of his past investment *criteria out of the window*. Bank deposits are a tax-efficient way of holding funds in the UK as are some National Savings and Government stocks.

But where dividends are taxable at *source* they *no longer* represent a viable holding unless there *is hope of substantial* capital gain. The caveat here is *if there is a double taxation* agreement with the country where *you* are *working*. That may enable you to claim back part or all of the tax paid Building society deposits, for example, would represent a pretty poor choice of investment for the average expatriate.

There is also spread of investment to be considered, not only in terms of type but also *geographically* and with diverse currency exposure. There is no reason to assume an automatic bias towards the UK, though if an investor is *handling* his own portfolio it is likely that he will stick with a market he knows best. Some people feel more comfortable with sterling investments when they intend ultimately to come back to the UK, though that does mean passing up some *considerable* opportunities.

It is not possible to go into a detailed strategy but the expatriate has a wide choice of investment media. Much of the decision-making will of course be constrained by the amount there is to invest. The opportunities include direct equity investment and fixed interest stocks and bonds in a wide number of markets, as well as Eurobonds, commodity funds and currency funds, right through to physical assets such as metal, property or the "alternatives."

Some are more appropriate than others as far as the expatriate is concerned. Bearing in mind the tax advantages of non-residency in times of high interest rates, both actual and real, someone who can reap the benefit of gross interest payments is in an enviable position. So at present the non resident might lean towards high-yielding bonds or perhaps Eurobonds.

The latter may seem rather complicated. Dealing, it is true, is not straightforward but in some respects the qualities of Eurobonds make them ideal investments. They are secure, payments are made gross and generally they offer a higher return than bank deposits. For those with insufficient capital expertise to invest direct there are several international bond funds on offer which should not be overlooked.

Finally, just as the expatriate needs professional advice before he leaves the UK shores he will need a great deal as he prepares to *return*. From the day that he lands in the UK he *will* resume his *resident* status again and his worldwide income *will become subject to* UK tax again.

For the employee his income will revert to PAYE with little *fuss, though he may get a bit of* a holiday for he will be able to offset a *full year of tax* allowances even if he returns for *only a small proportion of the* financial year. Dealing with investment income is *more* complex, however, and the unwary can end up paying *more* tax than need be.

هكذا من الأصل

Constant eye on needs and means

Planning over a lifetime

ERIC SHORT

FINANCIAL PLANNING, like life itself, is an ongoing happening, with the individual needing continualty to revise and update his financial arrangements as his circumstances change. A former colleague summed up the situation admirably when, parodying Shakespeare, he described it as the "Seven Ages of the Investnr."

There are, however, certain basic principles that need to be considered at all times and certain questions that need to be answered. They must be answered moreover in the correct nrdar.

The individual first needs to consider why he is saving and to sort out his priorities. He needs to consider the financial requirements of his dependents should he die or become disabled. He needs to consider how much of his assets should be kept in cash to meet emergency bills and how much can be set aside for the future. Then he can see how far his resources go towards meeting these aims.

Only after he has thought this through should the individual consider bow to invest and which investment vehicles to use, with particular empbasis on tax efficiency. All to often the investor lakes out a savings plan because it has been sold to him or because it bas been well advertised—and be thinks it will meet all his needs.

Following the natural progression from cradle to grave, the first consideration is financial planning for cbildren. Their financial requirements, like life at this stage, are relatively uncomplicated.

If children have any income at all beyond their pocket money it usually comes from grandparents or other relatives. As an aside, such income from anyone other than the parent should be made under covenant so the the child, through his parent, can reclaim the tax.

The reason for investment for the chlld is also simple—to accumulate a cash sum for use at some unspecified future date. Children have no one depending on them financially and thus can afford to take certain risks with their investments. Tbey are not likely to want cash at a moment's notice, so investment can be a product whose value fluctuates. Finally, children usually do not psy tax.

These faclors indicate investment in equities in a form that is tax-free—or at least where tax can be reclaimed. Unit trusts are the ideal vehicle providing the parent is prepared tn go through the process of reclaiming tax. There are several schemes using life bonds, but these are not as tax-efficient as unit trusts, since tax paid by the life company cannot be reclaimed.

The next turning point comes when the individual starts work and acquires an income nf his or her nwn. The immediate requiremeots are still straightforward with no immediate financial dependants. But planning now needs tn took tn the future when the individual gets married and wants to buy a house. Now is the time to start saving for the deposit and the substantial sums needed to set up a home.

The individual is likely to need his mnney in the space of a few years, so some kind of deposit savings where the money is easily accessible is indicated. In addition the individual is now paying tax. There are a variety of schemes available from banks and building societies. The investor in making his choice needs to look at the after-tax return, nnt the gross or grossed-up interest rate being displayed.

Marriage represents a major turning point in the life of the Individnal and has considerable repercussions on his financial planning. For the first time he acquires financial responsibilities and thus needs to consider what happens should anything unforeseen happen to him. This in turn means considering taking out life assurance, not as a savings vehicle but for life cover.

At the outset the individual needs cover against the mortgage on his house. But once the first child is expected life cover requirements extend to providing family income. Resources are likely to be stretched, so the amount available for life cover is limited. Security is also necessary so that money is immediately available. This indicates term assurance and income benefit contracts.

Financial dependency increases as the family grows in numbers and the children grow up. But financial pressures tend to ease as the busband gets promntion and more money. Attention can now be given to saving type contracts, though at this stage the risk should be kept to the minimum.

But when the nffspring cease to be a financial burden life cover requirements can be rednced and most of the resources can be conceotrated on savings.

Now the individual can save for various luxuries—even consider a second bome. But be also should slart looking ahead to retirement.

The individual need for immediate cash is far less urgent. He can spread his investments over a wide range and if necessary put some of his assets into higher risk/reward ventures. The individual can roam over a wide range of investment opportunities free from previous restrictions. It is at this stage and to this type nf investor that the alluring advertisements are aimed. He needs to consider the tax implications of savings vehicles very carefully indeed.

Pension planning is a complete subject in itself. Under the new state pension scheme most individuals can look forward to a decent pension when they retire. For the large majority pension planning is done for them through the company scheme.

The big gap in pension planning is among the self-employed. But they are now abla to get a wide range of expert advice and the only point that needs empbasising is that they should start their planning for retirement as early as possible.

As retirement approaches and the individual starts to accumulate assets he also needs to consider how to pass them on without benefiting the taxman. This becomes even more important when retirement is reacbed.

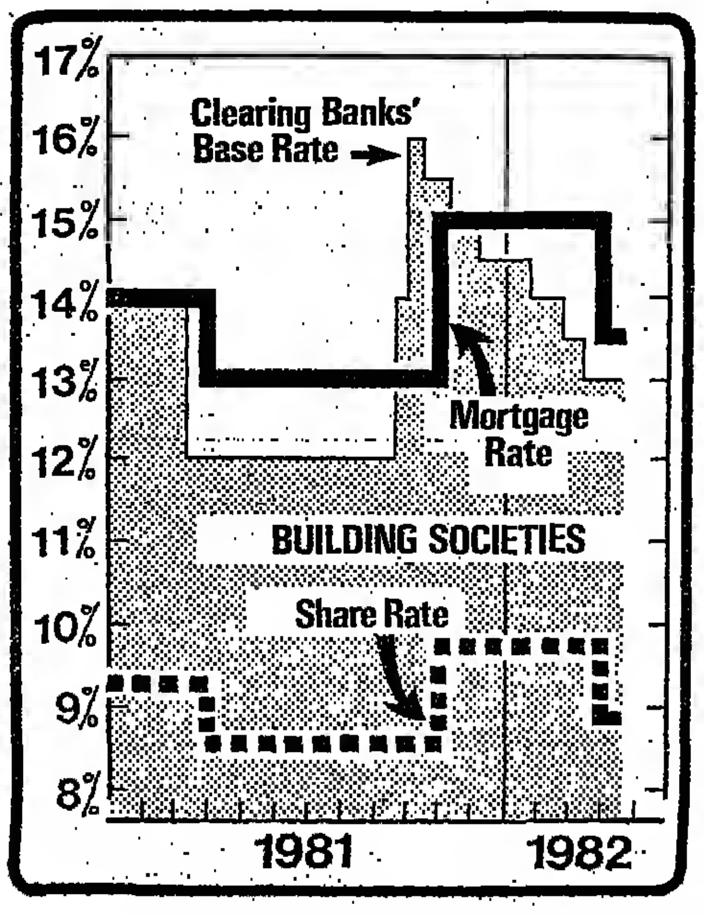
It represents another major turning point in a person's life. His earning power no longer is based on his ability to work. His financial dependency relates solely to his nr her spouse. The house mortgage is paid off.

The requirements here are income to supplement the pension and a disposal of assets. If the individual continues to build up capltal the main beneficiary will be the Government.

There are many ways of boosting income and again the the investor needs to look very closely at the after-tax position.

But the bulk of the planning will be concentrated on schemes for passing assets to heirs without incurring a massive Capital Transfer Tax (CTT) liability. Fortunately this year's Budget has done much to alleviate the problem of CTT by indexing the thresholds.

One problem remains. What happens if the individual becomes incapabte of looking after himself. The costs of private care are considerable. As yet no nne has come up with a satisfactory solution. Yet sociologists regard the problem of the very elderly as the greatest facing future generations.



The banks' thrust into the mortgage market

Buying a house

RAY MAUGHAN

THE HOUSE-BUYING scene is changing. No longer can the new home purchaser rely on the particularly favourable recent swings of the housing cycle to carry the investment —usually the largest in an individual's lifetime—into the safety of significant tax-free capital gains. Housing prices are flat, nr at least sluggish, in comparison with some of the heady advances of the last decade. It pays more than ever to put nne's mortgage base on the best possible footing.

While recession is taking the heat out of house prices, the Government has decided, either by neglect or default, to remove or tn continue dismantling some of house ownerships most enviable advantages.

True, the threshold of each band of stamp duty went up by £5,000 in the Budget but the ceiling of lax relief remained obstinately stuck at £25,000 borrowings. That limit, as successive administrations have plainly showed, is not about tn shift in the foreseeable future.

But one Inland Revenue proposal, enshrined in the Finance Bill, looks set to increase the cost of mortgage repayment, particularly in the early phases of the term.

From next April onwards the Revenue will switch the administrative burden of providing mortgage interest relief to the lenders. At present, mortgage payments are made at the gross level, with the appropriate relief deducted from lax under the PAYE system.

Now, however, mortgage repayments are to be paid net of tax at the standard rate, something which in the first instance is going to make life rather more complicated for higher rate payers.

But the building societies have decided that they will spread the burden of interest payment more evenly over the lerm of the loan. That sounds quite equitable but it will not help the first time buyer who is usually borrowing the highest proportion of the cost of a home and it must diminish one of the principal reasons for electing for a repayment rather than an endowment mortgage.

One of the major changes in the housing market over the past 20 months or so has been the emergence of an important new force in the provision nf mortgage finance. The clearing banks have arrived in a big way and are thought to have captured some 40 per cent of new lending last year.

The scene is currently changing extraordinarily fast and what today looks to be the best mortgage buy may be shouldered back into the ranks of the also-rans as new schemes come on offer.

But in very general terms the clearers were competing very successfully on price and availability from outset. Differential rate finance was an unknown in banking parlours and every branch manager had access to very large sums indeed.

The building societies have perforce responded, though with varying degrees of success. Differential rates are disappearing, new savings vehicles have been devised to combat the threat among nther things of National Savings; mortgage funds seem to be readily avallable.

It is impossible to paint the picture with anything other tban a broad brush but as a general rules the societies which are determined to retain an aggressive stance in the major rationalisation the movement as a whole can see coming, are trying hard to stay in the mainstream of innovatinn.

It may be invidious to pick nut one or two scbemes in isolation wbile so many others must be slill on the drawing board but Barclays "Getting Married" proposals are in tbe forefront of the clearers' attack on the societies' traditional preserve in the first-time buyer market.

Put briefly, the bank's guaranteed mortgage scheme qualifies anybody saving at least £1,000 in one year for a mortgage of ten times the sum saved, with ioterest at 2 per cent over the deposit rate on savings.

There are a lot of extras thrown in; valuations up to a maximum of £100 will be paid, discounts on BUPA are offered —as well as a bottle of champagne to celebrate the couple's first day in tbeir new home. The scheme is conditional, naturally, on transferring both spouses' current accounts to Barclays.

"Getting Married" is by no means the end of the story for first-time buyers. Bristol and West Building Society is now advancing 100 per cent loans to first-time buyers seeking up to £25,000. The society requires the borrower to establish "financial credibility" by saving up to 10 per cent of the purchase price but these funds can then be used to pay for the host of other bills associated with a first home.

Bristol and West also grants 95 per cent toans on homes valued up to £40,000 and offers a quarter point discount on mortgage rates for the first five years to first-time buyers borrowing up to £15,000.

Lloyds Bank, the first clearer into the mortgage field in a big way and arguably the most innovative, also offers 100 per cent mortgages and has set the ceiling at £30,000.

As in all forms of lending, however, tbe stated mortgage rate is lower than the real rate. The annual percentage rate—or APR—is the amount of interest payable as a percentage of the outstanding sum coupled with any fees charged by the lending Institution. It is important to establish whether the lender is charging interest on a reducing balance throughont the year or whether the interest is calculated for the whole year and tbe amount outstanding on Day 1.

At the moment it looks as though Lloyds' real rate of 14.2 per cent (on a flat rate of 13.5 per cent) is lower than the rest of the field, which is cbarging 14.5 per cent as an annual percentage rate. Only the Co-operative Bank is in the same rank as Lloyds but it does charge more for loans over £30,000.

Lloyds won this slight advantage because it was the last lender to alter its charges in the last round of mortgage rate cutting. The other three clearing banks all levy some setting-up charge at the moment and both Barclays and Midland have set a flat rate of 13.75 per cent.

But it is important as a first-time buyer to remember that these rates are not fixed in perpetuity. Mortgage rates, as all home owners know too well, can be as changeable as the weather —although they always seem tn move far too slowly when the pundits are agreed that interest rates generally are coming down.

The commitment fee may change, or be eliminated, if one lender ever feels that his market position is threatened. The essential point to determine when fine-tuning comparative mortgage payments is whether the rate is fixed on a reducing balance, month by month, or on the sum outstanding at the beginning of each year. For the moment all the clearers except National Westminster adopt the first method and the building societies, with one or two exceptions, the latter.

Sole effective guarantor against inflation

Index-linked investment

ERIC SHORT

ONE DOMINANT theme in personal financial planning is the need to maintain the value in real terms of the capital being built up. The investments have to be fully protected against the eroding effects of inflation.

There are several types of investment which are claimed will match or even outperform inflation over the long term, especially investments that are backed by real assets like equities and property. But some investors remember how such investments failed to make good those claims in the mid-1970s when inflation soared past the 20 per cent level. Such investors want investments that guarantee to mach inflaion; ie, they require index-linked investments.

But only the Government can effectively guarantee index-linked investments, since it alone is in a position to undertake the open-ended financial commitment that index-linking entails. Only the Government can raise the necessary finance through taxation and in the final resort make use of tha printing presses to print the necessary money.

The introduction of index-linked investments in the UK came late, however, and the development of contracts has been cautious. Until last year's Budget it was confined to just two National Savings products with very low investment limits.

The first product was the Index-Linked National Savings Certificates, still affectionately known as Granny Bonds because at the launch in June 1975 they were only available to persons who had reached State pension age. The certificates are lump sum investments over a five-year period where the original capital is revalued each month in line with the retail price index.

Thus £1,000 invested in June 1975 has now reached £1,245.44 in April 1982—an impressive 13.9 per cent annual growth that is completely tax-free.

But although the present Government has progressively raised the investment limits and made the certificates available to everyone, the present limit of £5,000 per person means that index-linked National Savings certificates have only a small, though vital, role in portfolio planning.

The second product, launched in July 1975, is the index-linked Save-As-You-Earn contract — a regular savings contract over a five-year period. This enables investors aged 16 or over to set aside regular amounts, with each payment being revalued in line with the RPI from the time it is paid.

Again, the amounts that can be put aside are small. Originally the limit was £20 per month per person but this has been raised to £50.

At the end of the five-year period investors can leave the accumulated capital for another two years. With the seven-year period coming up in July the Department of National Savings has announced that the capital sum can be left until further notice, with its value increasing every three months in line with the RPI.

Thus these two products are for the small saver. An investor who took out an SAYE contract in July 1975 paying the then maximum savings of £20 a month can expect this to have grown to £2,100 by July 1982. The new maximum saving is £50 a month but it is atill a small savings product.

But there are other features of these two contracts. They are both simply preserving capital values and the real rate of growth is virtually nil. There are penalties for early cash-in.

The Granny Bonds pays a bonus at the end of five years of 4 per cent of the original capital. The SAYE pays a bonus of two months' payment after seven years. In both cases the return does very little more than maintain the status quo. Again, many investors need contracts that provide income which can be guaranteed to keep its real value against inflation.

These National Savings contracts by themselves do very little to help the larger investor seeking to build up his portfolio or the self-employed endeavouring to provide a pension. Conditions changed for these investors when last year index-gilts were issued by the Government and extended in this year's Budget when such gilts were made available to all investors instead of just pension funds as originally envisaged.

These index-linked gilts revalue both the interest payments and the ultimate capital repayment in line with RPI movements. Moreover, because the stocks are dealt on the Stock Exchange the price paid by investors varies with market conditions. Not only does he get a real rate of return on his investment, depending on the price paid for the stock: he can actively trade in the stocks.

The net yields available on the shortest of the four stocks—Treasury 2 per cent 1988 — are shown on the accompanying table. Investors should note that if they pay too high a price for the stock they could end up with a negative real rate of return.

The launch of these index-linked stocks has added a further dimension to portfolio planning. Investors now have to compare the merits of index-linked gilts with fixed-interest gilts and also with equity-type investments.

In each case the investor primarily has to make a decision on the likely trend of inflation—and not over the next few months but over a period of years. This possibly involves a much closer study than hitherto of political considerations and the consequences for inflation. He has to look behind the ritual lip service made by politicians about controlling inflation and see whether the Government is likely to take positive measures to try and control it.

In comparing gilts the investors can make a comparison of the fixed-interest yield with the expected inflation rate over the term of the contract. But for a complete comparison he should assess the ultimate capital accumulation on the fixed-interest stock, assuming a certain rate for reinvesting the interest payments, with the ultimate capital sum on the index-gilts at various inflation rate assumptions.

Some commentators seem to favour fixed-interest gilts simply because yields at present are higher than the anticipated short-term inflation rates. An exercise like that described above will show that the scope for profit should the predictions turn out correct is limited, while the scope for loss should inflation start climbing again is considerable. It would appear far too early to start gambling on inflation rates.

The choice between index-gilts and equities or property is more difficult. The investor selects index-linked gilts if he wants a guarantee to match inflation as his investment priority ahead of the prospects of real growth. The growth on index-gilts is solely the yield on the stocks at the time of purchase.

The other decision for the investor is whether he buys index-linked gilts direct or by means of a life assurance bond. Life companies have been actively promoting index-linked gilt funds following this year's Budget announcement. But investors must remember that the charges made by the life company eat into the overall yield.

The self-employed saving for their pension have to use life company pension contracts in order to obtain the full tax concessions. Now they can invest in a fund that ensures that their contributions will grow ahead of inflation.

But when it comes to paying an index-linked pension life companies are being cautious in the extreme. To date only Target Life is prepared to guarantee pensions that increase with the RPI, while Vanbrugh Life will allow pensions to be linked to its index-linked gilt fund.

The problem with index-linked pensions is that they have to be paid for. A man aged 65 can buy a level pension from Target of £1,508 per annum for each £10,000 of cash accumulated, while the index pension starts at £723. The choice between a level and an index-linked pension again relates to future inflationary expectations, plus the health of the investor at retirement.

TREASURY 2% 1988 — NET REAL YIELDS
(per cent)

	Tax rate per cent				
Price	Nil	30	45	60	75
97½	2.49	1.88	1.58	1.28	0.98
100	2.00	1.40	1.10	0.80	0.50
102	1.65	1.06	0.76	0.46	0.17
105	1.14	0.55	0.26	−0.03	−0.32

Source Buckmaster and Moore

Resolving the traumas of severance

Redundancy

CARLA RAPOPORT

THE COOL detachment that most people display towards their personal finances is often the first thing to fly out the window when redundancy hits. The redundant executive's initial reaction is usually a mixture of fear, embarrassment and panic that the once-secure future has become jeopardised.

Still, a large sum of money in the form of redundancy settlement, a string of Government benefits and a set of options on the employee's pension should go some way to ease this panic. Sorting out the options requires the patience of a monk and a careful re-examination of individual needs. Perhaps at no other time in his or her life will an executive be faced with the management of so much money, so confidence remains a key factor.

A company making large-scale redundancies will often make counselling available to the employees affected. This service can be very helpful and should be exploited to its fullest. Don't be afraid to request counselling from the company if it is not offered; good will and standing in the community is important to nearly all companies.

"There is really nothing in the system to help teach people about what to do when they are made redundant," says Mr Bryan Harkness, a redundancy specialist with Investors Planning Associates. "Most are told they are redundant and that's it."

Mr Harkness points out that while most individuals do take pains to invest their redundancy settlement carefully, many executives are unaware of the tax and rate rebates for which they usually qualify. He estimates that hundreds of unemployed executives are failing to make use of their tax allowances, which can be transferred to working wives.

For example, a working wife's income can be offset by both her tax allowance (for a married individual) and a single person's tax allowance from her husband if he has been made redundant. This means a wife can earn up to £4,010 a year without incurring any taxes. The Government is not so generous for a working wife who has been made redundant; her tax allowance is not transferable to her husband. But as most executives in Britain are male, this allowance in most cases can provide a welcome breathing space while the husband looks for a suitable new job.

Another important benefit often overlooked in the emotional times following the loss of a job is rate rebates. Unlike supplementary income, rate rebate eligibility is based on income and does not take into account tha amount of capital an individual has invested. "Even if you've got £30,000 invested, that doesn't exempt you from a rate rebate," says Mr Harkness. He advises redundant executives to check with their local office immediately on this point, as most people are still unaware of its existence.

Tax rebates are better understood and most out-of-work executives know that a year of reduced income will mean that a portion of previously paid tax is refundable. Timing is important in tax rebates, however, and it may be best to leave your job earlier or hang on a bit longer, if possible, in order to maximise this benefit.

It is not crucial to apply for a tax rebate immediately after the first month's unemployment, however. For instance, if the employee has another job in the pipeline, any tax rebate can be picked up by the new employer's pay-as-you-earn scheme. Applying later in the tax year is allowed, as the same amount of tax rebate will be issued. But the later the claim is filed, the larger the first tax rebate payment, in most cases, will be.

Most building societies will allow a borrower to defer repayment of the capital portion of a mortgage if the borrower has been made redundant. As long as interest payments are kept up, most societies will grant a breathing space to the borrower until another job is in sight.

For those considering the purchase of a house but fear the prospect of redundancy, help has recently been offered by the National Association of Estate Agents. Under a new scheme a purchaser can buy insurance to cover mortgage payments for two years following the date of purchase. The insurance costs £39 and can be renewed following the initial two-year period. The association has 1,000 member firms and the deal is offered through its specialist insurance advisers, Brian Ragimbean Advisory Services.

Once the immediate problems of day-to-day living are sorted out, the redundant executive must face the question of how to best invest the redundancy money and what option to choose on pension arrangements. The choices are many but are best defined by considering the employea's age and financial commitments.

MWP, a personal financial counselling service set up by Morgan Grenfell, Willis Faber and PA Management Consultants, has counselled hundreds of redundant executives of several companies throughout Britain. Mr Richard Perryer, who specialises in this field, says that in a typical case, the executive is usually 50, with some seniority, and is likely to receive a £25,000 settlement with an £8,000 a year pension.

Mr Perryer counsels such an individual to commute £2,000 a year of his pension into a lump sum, which could work out to about £18,000. Most companies offer these conversion options, which he says allows the executive more flexibility in investment. As most pension plans are not index-linked, he says it is best to put the greater amount of capital into investments which generally appreciate in line with inflation.

With the conversion option taken up, the individual in this case has £43,000 to invest, as opposed to £25,000. Each investment plan must conform to the individual's needs but in general MWP advises that a small proportion be invested in short-term funds which can be easily liquidated; a larger amount in middle-term securities like gilts or gilt funds and the bulk of the money in long-term investments which have a good record of keeping up with inflation.

Counsellors disagree on the best long-term investment and as there are literally thousands of financial advisors in Britain, it is best to ask advice from at least a few sources before deciding on the best course. Even investing in building societies require some shopping

CONTINUED ON NEXT PAGE

SOME USEFUL PAMPHLETS

Title	Pamphlet number	Available from:
There's money off rent	—	Local Rates Office or Citizens' Advice Bureau
How to pay less rates	—	"
Catalogue of social security benefits	NI 146	Social Security
Unemployment benefits	NI 12	"
Social security benefit rates	NI 196	"
Earnings-related benefit	NI 155A	"
Your retirement pension	NP 32	"
Retirement benefits for married women	NP 52B	"

PERSONAL FINANCIAL PLANNING V

Commitment to unlimited liability

LORDS AND LADIES, lawyers, judges, politicians, businessmen, financiers, pop singers, television personalities, executives of insurance brokers and insurance companies, sportsmen and even the odd well-heeled journalist are all represented at the City of London's unique commercial club, Lloyd's and its insurance market.

Total membership of Lloyd's stands at 20,144. It includes 2,751 overseas members. There are 3,890 women members. Overseas membership was introduced in 1969; women were first admitted in 1970 as part of a drive by Lloyd's to strengthen and expand its membership.

Lloyd's relies on the pledged capital of its essentially private membership to allow the market to function. Around 80 per cent of Lloyd's members do not work in the market and may be regarded as "armchair" underwriters. They play a role similar to that of shareholders in public companies.

But unlike shareholders in a public company their commitment is much greater. All members joining Lloyd's have to accept the principle of unlimited liability. In return for pledging their wealth to Lloyd's its members receive a share of the underwriting profits. But by the same token they have to meet their share of any underwriting losses. The principle of unlimited liability means that all members of Lloyd's are liable to the full extent of their wealth to meet their share of any underwriting losses.

Although Lloyd's has been rocked by a wave of scandals and other controversies in the last four years or so, there is little sign that the troubles have deterred new members from coming forward. In fact, more members are coming forward than Lloyd's needs. Too much capacity, in the form of new members, is chasing insurance business which is not growing at the same rate.

New members usually have to demonstrate that they have wealth of £100,000. If a potential member is resident in the UK, however, he can be admitted on a show of wealth of as little as £50,000.

All members joining Lloyd's have to pass a means test. Assets which currently qualify for means test purposes are divided into two main groups.

Assets which must constitute not less than 60 per cent of the means test.

These are:

- Stock exchange quoted securities.
- Cash at bank or building society.
- Surrender value of life policies.
- Absolute reversionary interest in trusts at market value calculated on an actuarial basis.
- Bank guarantees or letters of credit on any of an applicant's assets.
- Gold at 70 per cent of its market value, subject to certain conditions.

Assets which must not exceed 40 per cent of the means test

- *Homes*, other than the candidate's principal residence, are permitted at market valuation, less any outstanding mortgage or loan.
- All commercial property at its market value, less any outstanding mortgage or loan.
- Farmland at its market value (excluding the value of the house if the house is the principal residence) less any outstanding mortgage or loan.
- Leasehold property, subject to certain conditions.

The advantages of becoming a Lloyd's underwriter are as follows:

- Income Membership of Lloyd's enables an individual to obtain three returns on his capital rather than one:

(i) the normal investment income and capital gains arising on any deposited investments are received by a member;

(ii) membership of one or more syndicates, into which all members of Lloyd's are grouped, entitles the member to share in any profits resulting from the excess of insurance premiums received less claims, reinsurance and expenses;

(iii) before the settlement of any resulting claims or payment of profit to members the syndicate will invest the premium income. This produces additional investment income and capital gains which are shared among the members of the underwriting syndicate.

- Capital appreciation. Most members at Lloyd's are high rate taxpayers (up to 98 per cent for 1978-79 and 75 per cent for later years) and syndicates at Lloyd's often have a policy for investment of the premium income which within permitted (and regulated) limits produces a high level of capital appreciation rather than interest. The tax is thus limited to the maximum 30 per cent applicable to capital gains. Much of the investment may be in British government securities which if held for more than 12 months are free of capital gains tax.
- Delay in paying tax on underwriting profits. Because Lloyd's using a three-year accounting method, not closing its books until the end of a three year accounting period, the books of a syndicate relating to a calendar year are not closed until two years after the end of that year. The tax on the profits for the calendar year is payable as follows:

(i) basic rate tax and capital gains tax are payable 12 months after the date of closing the books, ie three years after the accounting date; and

(ii) higher rates tax and investment income surcharge are payable 18 months after the date of closing the books, ie three and a half years after the accounting date.

Stake in Lloyd's

JOHN MOORE

Thus there is a two-year delay during which the syndicate is able to invest for the benefit of its members money which would otherwise be paid to the Inland Revenue.

Lloyd's, as an on-shore tax haven, offers other advantages. A Special Reserve Fund allows a Lloyd's member to set aside part of his underwriting profits each year free of higher rates tax and investment income surcharge. These reserves are used to cover any underwriting losses which may arise in the future. The use of the fund can have the effect of averaging out the marginal tax rates between good and bad years and defers tax liability on the profits transferred.

When a member of Lloyd's dies the whole of his underwriting interests qualifies for Capital Transfer Tax business relief, providing he has been a member for more than two years.

To become a member of Lloyd's an individual must be sponsored by an existing member who knows the applicant well. The sponsorship is made to the Lloyd's ruling committee through an underwriting agent who will look after the member's affairs.

The initial application will be accompanied by the personal recommendation of the sponsor and will confirm the candidate's ability to satisfy the means test. If the initial application is approved by the committee, a full application form must be completed and at the same time the candidate must produce a "certificate of means" signed by a practising accountant, solicitor or bank.

It is vital that a new member joining Lloyd's becomes connected with a good underwriting agent who will be responsible for running his affairs.

A good underwiting agent will have access to the underwriting syndicates which perform consistently well in the market. No underwriting agent can offer complete portfolio service in terms of being able to offer his underwriting members a total range of the best performing syndicates. No agent deals with all the syndicates within the Lloyd's market.

A prospective member should attempt to shop around the underwriting agents—although naturally the agents do not encourage that practice. At the end of the day it largely depends on word of mouth, contacts, gossip and chance encounters with other Lloyd's members at social engagements to gain an impression of where the most successfully connected agents and their syndicates can be found.

Once inside Lloyd's the amount of business which can be accepted on underwriting members' behalf by an active working underwriter on the syndicate will be carefully related to a formula. For instance, somebody showing £100,000 in wealth will be allowed to have accepted on his behalf £200,000 of premium, which would represent twice the means that he has shown.

The underwriting member with a £200,000 premium limit is able to apply his underwriting capacity across a range of syndicates. His underwriting agent may decide that be should underwrite up to £50,000 of business on a marine syndicate, up to £50,000 on an aviation syndicate, up to £20,000 on a non-marine syndicate, £40,000 on another non-marine syndicate, another up to £20,000 on a motor syndicate and up to £20,000 on another motor syndicate. The aggregate of his premium allocation in this case totals the entirety of his premium income limit at Lloyd's.

Members of Lloyd's do not usually underwrite to the full extent of their premium limits.

Members are also required to lodge deposits with Lloyd's and this represents part of the security underlying the Lloyd's insurance policy. The deposit also determines how much business may be transacted on a member's behalf. Residents in the UK will have to pay 25 per cent of premium income as a deposit, which is used solely to meet underwriting liabilities. But they can expect to receive the income from the funds deposited.

LLOYD'S MEMBERSHIP REQUIREMENTS 1983

Applicable to new members elected to commence underwriting with effect from January 1 1983 and to existing members who change their underwriting arrangements after January 1, 1982.

Category	Means test (£)	Deposit as % of premium income	Minimum deposit (£)
Working underwriters & brokers at Lloyds	Nominal*	35	8,750
Connected & associated working members of the Lloyd's market	25,000/37,500†	30	7,500
UK, EEC & Commonwealth citizens resident and domiciled in the UK	50,000/225,000†	25	12,500
UK, EEC & Commonwealth citizens resident or domiciled outside the UK	100,000/225,000†	30	22,500
Other foreign nationals wherever resident	135,000/300,000‡	35	26,250

* Premium limit not to exceed £50,000.
† Premium limit not to exceed twice means shown.
‡ Premium limit not to exceed 1.5 times means shown.

The underwriting room at Lloyd's

Traumas of severance

CONTINUED FROM PREVIOUS PAGE

around as building society rates vary significantly.

It's best to check if fees are charged for financial advice or if the advisers are linked to one financial institution. Insurance brokers, for example, are keen to promote guaranteed income bonds as they reap a commission on what they sell.

Investing in a new business is, of course, an attractive option for a younger executive without heavy financial commitments. Businesses are springing up with the aid of redundancy money and recent small business incentives have been put in place to encourage such endeavours. Most banks and financial institutions have small business sections to give advice.

Perhaps those most suitable for starting up on their own are the lucky few who have received a golden handshake. The latter, usually defined as a redundancy settlement over £25,000, has raised the ire of politicians, however, and the tax liability on these bonuses has recently been increased.

As of this month sums over £75,000 will be fully liable to tax. The first £25,000 of any payment will remain exempt from tax and the next £25,000 will incur a 50 per cent tax reduction. Between £50,000 and £75,000, 25 per cent will be knocked off the regular tax liability, but any excess over £75,000 will be liable to the full weight of tax.

For most, however, the challenge will be to manage significantly smaller sums in a way that will ease the trauma of redundancy.

Family sacrifices to meet an expensive preference

Westminster School, London, where the pupil intake nowadays includes girls at 6th Form level

MANY PARENTS still wish to have their children educated in the private sector. The reasons are many and varied, but for most families, there is a primary need to consider the financial aspects very carefully. Private education is very expensive and likely to remain so. Parents will find that they need to make full use of all their financial resources, both capital and income, and meeting the fees will occupy a major planning role in their overall financial strategy.

Some idea of the costs involved can be seen from the annual survey of schools fees made by the Independent Schools Information Service (ISIS). Its latest survey is due next week and is awaited with interest. It could well show that fees are still rising faster than the rate of inflation.

Boarding fees at major boys' schools could average around £1,100 a term and day boy fees around £650 a term. The variations either side of these averages are considerable. Fees at leading girls' schools are somewhat lower — averaging £950 a term for boarders and £510 a term for day pupils.

For many families there is little option but to meet fees out of current income. The periodic surveys made by two *leading schools fee specialists*—C. Howard and Partners and School Fees Insurance Agency — both show the extent of sacrifices made by families in order to meet the rising school fee bills.

Family income is boosted in a number of ways. The latest C. Howard survey showed that in one family out of five the wife went out to work solely to meet as much of the bill as possible. In many cases the husband did a second job and the family took in lodgers. Family expenditure was curtailed by cutting out holidays, limiting entertainment, using a smaller car and so on.

The details shown in these surveys highlight the need for parents to try and save ahead to meet the fees coming some time in the future. The earlier the start the more that can be set aside and the ultimate financial burden made easier when the child does start school. Ideally one could start when the child is born, assuming the decision on private education has already been made.

Since fees rise with inflation the investor needs to save in contracts that also keep pace with inflation. *For many years* equity and property investment were supposed to do that since investment was in real assets. Now the Government has helped the parent by making available a variety of savings contracts that offer returns linked to the Retail Price Index.

Besides Index-Linked National Savings Certificates, still affectionately known as Granny Bonds, and index-linked SAYE contracts, investors can now invest in index-linked gilts, either direct or through a life fund investing in the stocks.

If parents start saving at least 10 years before fees are due then they can use regular saving life assurance contracts. These entitle them to the tax credit available on the premiums paid—at present 17.6 per cent of premiums paid—up to the limits of £1,500 a year or one-sixth of annual income whichever is the greater. This is the only means by which a parent can get financial help from the Government in meeting the school fee bill. In addition the ultimate payout on the contract is free of taxes.

There are a variety of methods that life contracts can be combined so that money is available when the fees are due.

Unit-linked contracts provide the investor with complete flexibility on cash-in and by investing in the index-gilt funds he has the guarantee that his savings will rise in line with inflation. If the parent links to some other type of funds, such as equity or property, then there *is* the danger *that* the unit price may be depressed at the time of cash-in to meet the fees. In such cases switching into cash must be considered.

School fees

ERIC SHORT

If a parent prefers to use traditional with-profits life contracts then he can overcome the relative inflexibility by taking out a series of policies in echelon, with each maturing in succession as each annual fee bill becomes due.

But more important than the type of contract used is the actual amount that parents can afford to put aside each year. In almost all cases they can only afford a comparatively small amount at the outset but can increase the payments because of inflation and promotion increases. There are several methods of designing plans to allow for this low start, including taking out convertible term assurances.

In addition original plans need to be periodically reviewed and topped-up as the financial circumstances of the family improve.

Parents need expert advice from companies specialising in the school fee planning area. The role of the specialist is growing and there are a number operating in this field. The hallmark of a specialist is the plan *designed* taking into account the full family circumstances.

It needs to be emphasised that it is very unlikely that parents will be able to meet the full cost of school fees solely by *savings in* advance. But they should regard the savings as meeting a substantial part and easing the ultimate burden on income.

Parents also need to consider using any capital resources available. There are several schemes from the specialists which enable the parent to invest in a tax-efficient manner any cash sums to hand. But now parents should give more consideration to investing in index-linked gilts. A separate article in this survey discusses fully the implications of indexed investments.

Expatriates are more likely to want their children educated back in the UK and are usually in a better financial position to save substantial sums towards the fee bills. They have the option of using offshore funds as savings vehicles, with their attendant tax advantages. *Surprisingly, little use is made* of offshore funds and savings contracts by the UK school fee specialists.

The family's most valuable capital asset is its house. C. Howard has launched a scheme under which the parent can take a second *mortgage* on his house, thus unlocking the capital value. But this scheme needs to be used carefully after due consideration because of the high interest rates charged—with no tax relief.

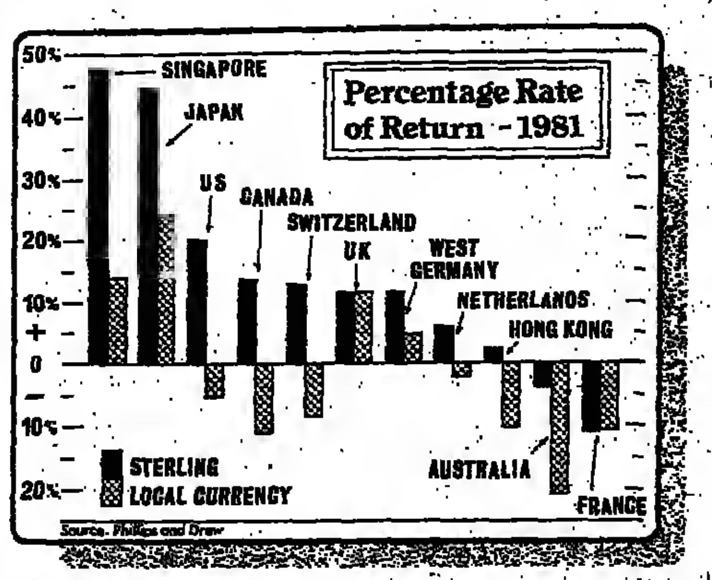
In the days when tax relief was available on all loan interest the most common method of paying fees was to borrow the fees as they became due and repay the loans well after the child had finished education—schemes known as educate-now-pay-later. These schemes are reappearing for the self-employed and executives under loan facilities on personal pension and executive pension contracts.

There are several versions of loanback. The most common from the clearing banks is to lend a multiple of the annual premium on the pension policy —say 15 or even 21 times the premium. The borrower need only pay the interest and the loan is repaid from the cash sum available at retirement. The tax relief comes not on the loan interest but on the premiums at the investor's top rate.

In many families financial help towards payment of fees is made by grandparents or other members of the family. If such payments are made out of income, then by doing it under covenant *to the child income* tax can be reclaimed. If payments are made out of capital, then full use needs to be made of the exemptions to minimise the Capital Transfer Tax liability.

Finally, the schools themselves can often help out through scholarships and grants. Many of them have been stepping up their fund-raising activities to provide the resources for such grants as well as for the time-honoured method of raising funds for capital or refurbishing projects.

Details of this and general methods of planning for fees, including a list of advisers can be obtained from two leaflets issued by ISIS. These can be obtained from Mrs P. D. Jones, Independent Schools Information Service, 26 Caxton Street, London SW1H 0RG.



Foreign securities still a favourite

IT IS two and a half years since the demise of UK exchange controls and meanwhile the initial sprint for exposure to overseas markets has slowed to a steady trot. But among both private and institutional investors there has not yet been much sign of disenchantment with overseas securities markets.

On the face of it this may seem surprising. In local currency terms the UK was an exceptionally good home for funds last year. Of the major equity markets, for example, only Japan's outpaced the rise in UK share values. Elsewhere the potential for loss was often alarming. The natural resource markets, Australia in particular, went sharply off the boil, the Paris Bourse was thrown into reverse following the election victory of President Mitterrand. Hong Kong failed to maintain the *momentum of* the late 1970s and even the U.S. *was* unable to capitalise on the pro-business leanings of President Reagan.

The pattern has been little *different so far this year*. The main resource markets have remained in free fall and investors have suffered some painful knocks even in Tokyo. The FT 30-share Index has, meanwhile, added roughly 10 per cent since Christmas.

In sterling terms, however, the picture looked a good deal different and highlighted the very great importance of currency movements in overall returns. Sterling dropped 9 per cent in its trade-weighted index last year and has fallen further, at least against the dollar, so far this year.

For most private investors the simplest way of gaining an exposure to overseas equity markets is through the unit trust movement. The fashion for foreign investment has spawned a welter of trusts specialising either in particular markets or in specific sectors, such as natural resources or technology.

So far this year UK trusts have generally been ahead of the pack but on a longer view the foreign vehicles have often proved a better bet. The advantage of the unit trust is its comparatively low management cost, a result of its ability to deal in bulk, together with the simplicity of transactions. The names and addresses of all the management groups—together with the funds on offer and *their prices—are published* in the Financial Times. Units can be purchased *directly from* the managers or through an agent.

Investment trusts, the closed-end funds, are currently less in favour. Not only do they traditionally trade at substantial —and widening—discount to their net asset value; they often lack the specialist *appeal* of their unitised counterparts. *Increasingly, investment trusts* operating in foreign markets are being converted into unit trusts.

International investment

JOHN MAKINSON

The alternative to investment through a managed vehicle is direct participation in the market. Overseas this can often prove a time-consuming and costly exercise. Besides the frequent problem of paying *double commissions* (*to* a London and to a local broker), tax on income is sometimes at source and can be recouped only through the labourious process of double taxation agreements.

In one case, West Germany, tax credits on dividends are paid only to resident investors. *A unit trust can often avoid the* settlement delays common in some markets such as Singapore and can also negotiate foreign exchange transactions more efficiently.

Mr Michael Beaumont, a partner of London stock-brokers Grieveson Grant, says he generally encourages *clients* to invest through unit trusts rather than directly. In volatile markets, however, where a rapid price movement can make the handling costs of direct purchase less significant, individual equities are recommended. Hong Kong is an obvious example.

Equally, some markets have not yet been thoroughly researched by unit or investment trusts. Grieveson Grant, for example, has actively recommended *purchases* in the Scandinavian markets.

But in general direct investment will generally be of most interest to an individual with £100,000 or more to spend. In such cases, British merchant banks and Swiss banks will be glad to help.

These banks generally run their own in-house trusts (access to which is open to all) and will also manage funds on a discretionary or advisory basis, for a set commission fee.

Mr David Jack, a senior vice-president of Swiss bankers Julius Baer, *says that the level* of foreign investment by private UK investors is holding up well. He ascribes this in part to the growing concern that exchange controls will be reintroduced, in some form, after the next election.

For a typical sterling-based client Julius Baer is currently recommending the following asset *mix*: 40 per cent in *bonds*; 10 per cent in convertible bonds; 35 per cent in equities; 15 per cent in cash and short-term investments. The currency mix would be weighted towards sterling (35 per cent), followed by U.S. dollars (25 per cent), Swiss francs (15 per cent), *D-marks* (15 per cent) and Japanese yen (10 per cent).

This kind of mix is not often grasped by private UK investors. Despite the absence of exchange controls there remains a traditional loyalty to the UK. Moreover, the capital gains tax, which is crystalised by switching into a foreign market, remains a powerful deterrent. In some markets, such as that in Eurodollar bonds, the cost of dealing in small amounts and the narrow liquidity are inhibitions in themselves.

But the UK private investor is by any standard an internationally-minded individual. It is no coincidence that over 60 foreign companies have obtained a listing on the London stock market since exchange controls were abandoned.

هكذا من الأصل

PROPERTY

Buying in the Balearics

BY JUNE FIELD

OVER A LOG FIRE we toasted bread, then spread it with olive oil from the first pressing, a fitting accompaniment to our host's coveted 1966 *Vegas Sicilia* wine.

This was on the little island of Ibiza in the Spanish Balearics, in the 420-acre golf course estate of Roca Llisa, where just getting under way is Royale Roca Llisa, a completely separate complex of some one and two bedroom apartments selling between £20,000 and £35,000.

> 'At Anita's Bar one can buy anything from a bottle of the local liqueur to a pair of pyjamas as well as collect your post'

At present, the show-apartment nn its own, which I saw last month, looks nothiog more than a square white box. But the visual appeal will come as more units are constructed and linked in a pleasingly landscaped cluster with a restaurant which will organise buffet meals around a central swimming pool. You can take your pick from 27 floor plans—some units have an extra shower room and barbecue on the terrace; all have kitchens fitted with cooker, grill and refrigerator.

Royale Roca Llisa was founded through a wholly foreign-owned Spanish company which was formed for the developer (a British businessman who prefers to keep a low profile) by Forminver, a company jointly owned by the Banco Bilbao and a Swiss bank. The builders are Dragados, a large Spanish public company, and marketing is by a Sussex firm, Vorence, whose directors are architect Mr John Fnrtune, golf promoter Mr Keith Mackie, engineer Mr Chris Territt and nverseas development consultant Mr Geoffrey Pilgrem, who is also secretary of the Federation nf Overseas Property Developers, Agents and Consultants. From Vorence's offices, 53-55 North Street, Horsham, Sussex (0403 66757), Mr Pilgrem will send a Royale brochure containing floor plans, together with a useful leaflet *Legal Procedures in Spoin*.

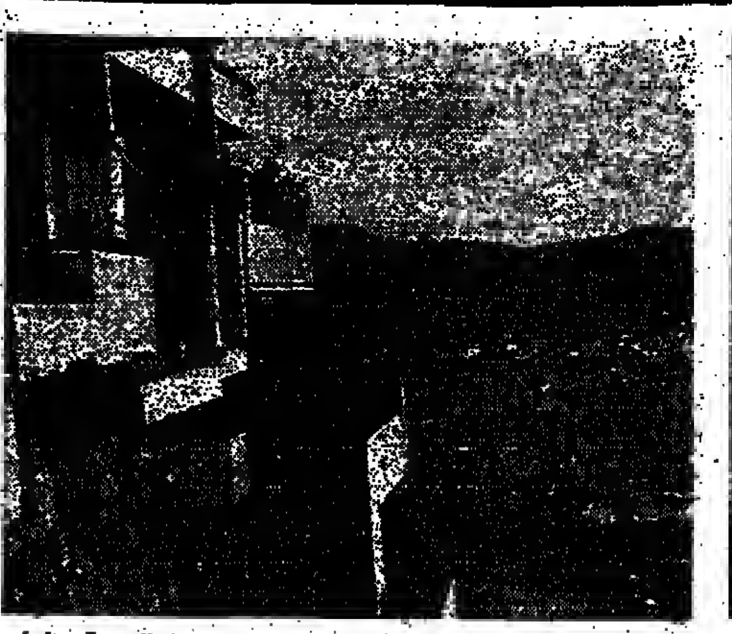
Inspectinn visits include a stay at the Royal Plaza in Ibiza Town with its fascinating area, *Dolt Vila*, high town, where narrow cobbled streets rise steeply to the cathedral. Then there is a drive to the village of San Carlos, where in Anita's Bar, a combinatinn of general store, cafe and meeting place, one can buy everything from a bottle of the local liqueur *hierbas*, to a pair of pyjamas, as well as collect your post. The actor Terry Thomas lives nearby in a 33-room house among the pines on over 1m square metres. It is for sale for 60m pesetas (£308,000). Also on offer for 16m pesetas (£81,000) is actor Denham Elliot's house and swimming pool in Santa Eulalia. (Details of those two houses plus a hotel brochure from Sr. Jnsé Colmar, *presidente*. Royal Plaza, Pedro Frances, 27, Ibiza.)

The Balearics have long been popular with British buyers, and one developer on Majorca, largest of the five islands, is offering a free Seat Panda car with some property at Puerto de Andraitx overlooking the bay. "It is not that we are short of cash-flow, although it is always useful," insist Mr David Coben of Leisureinvest, a Swiss-based company huilding in various parts of the Island. "But as people told ns they would need a car, we thought we would provide one as an incentive for a limited period."

The smart, well-designed Sobremar apartments, more like villas as they are on two floors, are being huilt into the southern slopes nf a quiet wooded hillside overlooking the pretty harbour, favourite holiday haunt of the Kiog and Queen of Spain. Prices for the two and three bedroom accommodation, which includes a well-fitted kitchen, fireplace and barbecue, are from about £50,000 to £65,000.

Leisurinvest also have two attractive apartment complexes right on the beach—Xaloc (south wind), at Santa Ponsa, 15 miles from Palma (from about £33,000); and Gran Snl, Cala Bona, on Majorca's sandy east coast, right near the 18-hole golf course, good value from about £25,000. In all cases of course, the sterling prices will depend on the current rate of exchange, not so good with a falling £1.

Money for stage payments on units still being built can be held in escrow by a bank, and finance of 50 to 60 per cent over 10 years can be arranged, with repayment in sterling. There are some particularly stylish show-units to view now in all the developments. Details from the main agent Count Hugh de Meyer, Montpelier International Properties, 17, Montpelier Street, London, SW7, or Mr David Cohen, Leisurinvest, PO Box No 317, London, NW8, who is organising weekend inspection trips for £120 to include flight, hotel accommodation and food. Montpelier is also at the International Property Exhibition on Thursday, Friday and Saturday at the Cumberland Hotel, London, W1.



Left. For a limited period, Leisurinvest are offering a free Seat Panda car with their two or three bedroom villa-style apartments at Sobremar on a wooded hillside overlooking Puerto de Andraitx, Majorca. Prices are from about £50,000 to £65,000. Details Hugh de Meyer, Montpellier International Properties, 17 Montpelier Street, London, SW7 (01-589 3400), who are at the International Property Exhibition at the Cumberland Hotel, London, W1, on Thursday, Friday and Saturday. Right. Roco Llisa, 420-acre golf course estate overlooking the water on Ibiza, where a new development, Royale Roca Llisa, of apartments from around £20,000 to £35,000, is being built. Details Geoffrey Pilgrem, Vorence, 53-55 North Street, Horsham, Sussex (0403 66756).

Getting together

EVEN THOUGH the property outlook has been gradually getting brighter, more estate agents are getting together, with large firms taking in some of the smaller ones. Fnr instance, Mayfair agents John D. Wood recently acquired a major interest in the New Forest firm of Jackman and Masters. This brings the Lymington office of the latter, established in 1886, with the one in Milford-on-Sea, under the John D. Wood banner.

Mr V. A. E. Wood, senior partner of John D. Wood, whose main offices are in Berkeley Square, London W1, is supervising the change-over, with Mr Michael Heory, an associate who has been running the J. D. W. Southampton office, going to work with the Jackman and Masters' partners Mr William Scovell, Mr David Enticott and Mr Robert Lock. Mr Henry says: "As we have arranged sales on a number of substantial properties io the New Forest and westwards into Dorset, it was obviously desirable tn establish a hase within the Forest itself."

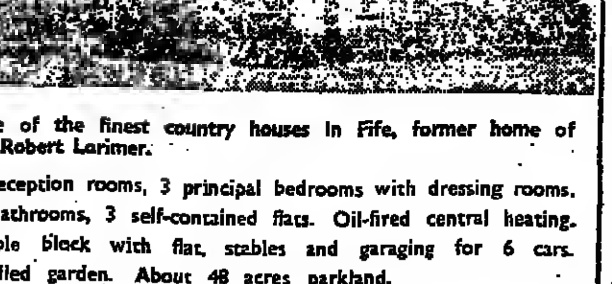
Certainly the market in this desirable part of Hampshire would appear tn be reasonably progressive: "Despite difficulties for everybody involved in the housing industry we, in the south, appear to have suffered least," says Mr Jeremy Stanley-Smith, partner in Fnx and Sons, with 60 nffices in the south and west of England. "Lymington in particular, always a popular retirement and second-home location, received a constant stream nf applicants throughout the year. But due to bursting registers, the number of sales relative to residential property available on the market at any one time, has appeared small."

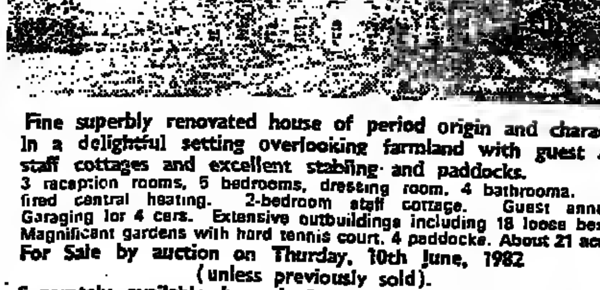
Introducing the firm's latest property report, Mr Stanley-Smith comments that during a year when the estate agency business has received more than average bad publicity, "there does appear a need in some cases to place nur house in order, and tighten up our methods nf business. The professinn remained complacent duriog the 1970s, and those wishing to succeed in the 1980s are haviog to look closely into sale procedures and general ethics. While competition tends to assist in raising standards, there can be oo place for those relying on their reputation and laurels. With no end to the buyers' market in sight, supported by ready finance from both building societies and banks, keen pricing and active selling must be the by-word.

At Jackson and Jackson, also in Lymington and Milford-on-Sea, they are promoting 1982 as "The Year for the House Buyer," and they have prepared a special list of homes for sale ranging from the interesting country house to the picturesque cottage, incorporating new homes for the young as well as flats for the elderly. Says partner Mr Paul Jackson: "We are convinced that never again will there be such a wide and varied chnice of property. And house prices have remained stable for the past two-and-a-half years, when most other prices have continued to rise sharply."

● Property details and reports from Mr M. Henry, John D. Wood incorporating Jackman and Masters, The Red House, 53 High Street, Lymington, Hants, Mr J. Stanley-Smith, Fox's, 85 High Street, Lymiogton and Mr P. Jackson, Jackson and Jackson, The House On The Quay, Lymington.

RESIDENTIAL PROPERTY ALSO APPEARS TODAY ON PAGE 16





LEISURE

Spring in the Sierras


Yosemite National Park

WHATEVER the calendar says, Easter is the psychological start to Spring. The pity is that no one seems to have told Mother Nature this. She has a capricious habit of surprising the Easter bunnies and over-optimistic travellers with a reminder that winter has not yet departed the stage.

A recent few days in California have drummed home the point. Plans to make for the hills were destroyed by a deluge of snow. The Lake Tahoe area, shared by California and Nevada, was getting up to four feet of snow a day. Huge American trucks were parked in their hundreds on the approach roads to the high Sierras, which cut off the prosperons society of the American Pacific West from supplies from the East. Avalanches buried buildings and brought death to skiers. Tahoe was only accessible by air.

For the casinos of Reno it was both bad news and good. It meant that few new visitors were even bothering to attempt

TRAVEL

ARTHUR SANDLES

the trip, but those who were already there were trapped et the tables.

Spring has come late to mountain areas on both sides of the Atlantic this year. Last week another late fall of snow, not quite on the scale of the Tahoe deluge, had turned a descent from the peaks of the Alpes Maritimes to a Riviera enjoying a confusing warmth, into a wheel spinning test of driving abilities.

But mountain areas in the spring are spectacular places and, post-Easter perhaps, well worth the risk of the occasional snow flurry. This is particularly true of those mountains which have the sea as their neighbour, for the warmth of the oceans means green foothills and an earlier start for plant growth.

Mountain spring has a relatively short time to enjoy itself and, once it senses the warmer days, leaps enthusiastically to life. Both plants and animals must make the most of the short period when mountains are hospitable. One might add cynically thet the same things apply to hotels and restaurants, which start the season fresh and eager before the real summer rush.

The shortness of the season has its disadvantages, however. Some mountain areas—with the notable exceptions of Austria, Switzerland and those regions of the U.S. which are ski as well as summer resorts—are not well endowed with good accommodation or restaurants. And, in April and May, you may find some places closed.

The art of mountain visiting—and for me that means picnics and horseback riding rather than crampons and giddy ascents—is to slip into the hills in the magic time between winter's end and summer's hordes. Usually that means May or June.

The mountains of the American West are ideal for anyone wishing to sample this magic. Not only are they accessible in a way that few vast mountain areas are but they are also largely untamed. You may drive in on a four-lane highway, but within minutes you can be off, on a walk in the company of marmots and brown bears, rosy finches and water ouzels. I had never realised just how loud a woodpecker could be until one decided on a 5 am foray on a tree outside my bedroom window in the Oregon Cascades last week.

The Cascades, the Sierra Nevada (which in spite of its name is almost entirely in California) and the Rockies themselves are relatively new ground and, es Mt. St. Helens has so graphically demonstrated, can produce the occasional surprise. On Mt. Bachelor in Central Oregon, for example, skiers have to make neat turns from time to time to avoid the deep holes in the snow through which the still-breathing volcano below vents its steam.

The human history is short, too. The Oregon Trail, which brought settlers and gold miners from the east, was still the main artery of the area only 140 years ago. The staggering sights of Yosemite in the Sierra Nevada were first chronicled by white visitors in the 1830s and 1840s but the reports they brought back were so tempting that even by 1855 local tourist statistics show that there were 42 visitors to the valley. By the turn of the century the figure had grown to 10,000 annually.

What is astonishing is that even with the vastly larger numbers that now go into the mountain areas it is still remarkably easy to find wildness and solitude.

It is true that the more spectacular regions—Yosemit itself, the Lake Tahoe area and even the Mother Lode country of the western Sierras—can be a touch bumper-to-bumper at holiday times. But the crowds are worth braving for the views, and then you can be off on your own.

Lake Tahoe sits at the centre of the Sierra Nevada. It is about the same size as Geneva's Lake Leman and is at a spectacular 6,230 feet above sea level. In the summer the ski lifts of local resorts take summer visitors up a further 2,000 feet for views of both the mountains and the lakes. At that height sun tans come easy.

It is perhaps unfortunate that the lake itself is fully ringed by a tarmac road, and that often this road is fringed by the detritus of modern tourism.

However, the lakeside also offers juniper and dogwood, aspen and ponderosa, cedar and cottonwood, all in abundance.

It is e delight for the more energetic visitor to discover that Americans, like their European counterparts, are tied by some invisible string to their automobiles. Wander a little way from the tyre worn track and there are rewards in abundance.

Mountains tend to keep their best secrets to themselves. The meadow that looks green from a car window can be found, on closer examination, to be a kaleidoscopic array of tiny flowers. Larkspur and wild onion, the colourful paintbrush and gentian abound in easily reached hill pasture. Venture higher and you come into the world of the alpine heathers. The pangs of appetite were sparked only a couple of weeks ago when my horse ventured into a glade so rich with the smell of rosemary that any passing lamb would have been in immediate danger of roasting.

No organised tour can bring you all this, of course. Mountain enjoyment is very much the ability to go off at whim to wherever the fancy takes. But car rental in the U.S. is easy and, even in these high priced dollar days, relatively inexpensive.

The ideal way, but the most expensive, would be to enter via Los Angeles, drive immediately inland to join the mountains at Sequoia. It is then a convoluted but fascinating route north. If you have a month or so you might even make it to Seattle for the flight back to Europe.

Given more normal budgets and time, then use San Francisco as the gateway and do a large loop around the Yosemite/Tahoe area. If you go in the next few weeks, while there are still special offers available on fares, be prepared for some higher roads still to be blocked by snow and some leisure facilities—riding establishments for example—not to be open.

But do go. The mule deer, the mountain rabbits, the pine martins and the lynx are all waiting.

Diesels on the way


The 120 mph Audi 2.2 litre, fuel-injected GT. It comes in between the Standard 1.9 litre coupé and the £15,000 four-wheel drive Quattro

VOLKSWAGEN/AUDI, whose range is already Europe's best, continue to produce new models as though they were going out of fashion.

The Polo hatchback, introduced last autumn, has been followed quickly by the Classic three-box version. It went on sale in Britain last month at prices ranging from £3,975 for the 1.1 litre model "C" to £4,799 for the quite elaborately equipped 1.3 litre GL. Like its predecessor, the Derby, the Classic is a Polo up to the door edge. Then it has a stylish saloon back, with a 19.1 cubic feet capacity boot instead of a chopped-off semi-estate back with a tailgate. The boot is really big; a Cortina's holds 11.8 cubic feet.

VW expects to sell 23,000 Polos in Britain this year, 6,000 of them in the Classic saloon version. Nine out of 10 will go to private buyers, for whom it will be their only car. It looks e much larger car than the Polo hatchback and is in fact a foot longer, accounted for entirely by the boot. Its aerodynamics must be better, too. Around town and at moderate cruising speeds, its fuel consumption is identical to that of the Polo hatch. At a steady 75 mph, however, the Classic does between 1.3 and 1.8 more miles per gallon.

Three more new cars from VW/Audi that I tried in Germany before Easter won't be coming to Britain yet, though two of them — the Audi 80 saloon with turbo-diesel engine and the 2.2 litre, fuel injected Audi 80GT Coupé — are due here by summer.

The coupé has essentially the same engine as the 200E saloon and the Quattro, though minus, the latter's turbocharger and four-wheel drive. It should be an attractive proposition for the buyer who likes a fast car that

MOTORING

STUART MARSHALL

accelerates well with excellent handling, but needs a family-sized rear compartment and boot.

The five cylinder engine isn't quite as muscular as it is in the Audi 200E saloon—an output of 130 bhp at 5,900 rpm instead of 136 bhp—because restricted under-bonnet space called for changes to the inlet manifold. But the GT's 120 mph maximum and 0-62 mph acceleration in 9.1 seconds give it an edge on rival saloon-derived coupés like the Renault Fuego GTX and could even give Porsche 924 fanciers pause for thought.

Price of the 2.2 GT Coupé, power-steered and fitted with a close ratio five-speed gearbox will, I believe, be around £10,000. That would put it well above the less urgent 1.9 litre five-cylinder coupé and below the charismatic Quattro, currently listed (with left hand steering) at a shade over £15,000.

Volkswagen's 1.6 litre turbo-diesel, which I first experienced in the IRVW research vehicle four years ago, is being installed in a range of five cars—Audi 80 and the VW Golf, Jetta, Passat and Santana. The Audi 80 will arrive here at about the same time as the GT coupé. The turbo diesel Golf GTD is due in Britain early next year; plans for the importing of turbo-diesel Jetta, Passat and Santane (a notchback derivative of the Passat that makes the Audi 100 look rather redundant) have not been announced.

The British market still doesn't take the diesel car very seriously. We bought just under 10,000 of them last year whereas in Germany, VW alone is belting out car diesels at the rate of 3,000 every working day. But, as I've been maintaining for years, things will change.

It won't be on sale in Britain for several months after its official debut at Turin Show next week. Rover stress its great smoothness.

The first British sounding diesel cars to go on sale here will be the Vauxhall Astra and Cavalier. They ere due out next month. I tried an Astra diesel (actually, its identical twin Open Kadett) in Switzerland a couple of months ago and was most impressed. Its liveliness and smoothness were fully up to VW standards.

A satellite fixer

THE BIG NEWS to emerge at the rather subdued Earls Court Boat Show was that accurate worldwide navigation has been made possible with the aid of a gadget the size of a lunch box and costing less than £1,000.

Like most stories the real account of this advance is more complicated than a one-sentence summary suggests. The system of satellite navigation would not be possible at all, to begin with, without the co-operation of the U.S. Government. The military Satnav system of satellites in roughly polar orbits was put into space 15 years ago to handle the navigation needs of Polaris missiles; and perhaps other weaponry.

The U.S. made marine satellite navigation possible for commercial vessels and for yachtsmen by making some of the Satnav facilities freely available.

However, it remained a very expensive way of finding one's way about the oceans for a number of years. Receivers used to cost perhaps £10,000 each. That was until one of the oldest navigation equipment makers in the world, Thomaa Walker and Son became interested.

The small Birmingham company employing 60 people brought the first cheap satellite navigator to the market two years ago. Priced initially at £1,500 it prompted a scramble by yachtsmen and fishermeo throughout the world to install the new gear and learn the techniques (which are quite simple) of space age navigation. Walkers almost at once more than trebled their turnover to some £3m a year and have now given notice by marketing their smaller, simpler, and cheaper, second version at under £1,000 that they intend to stay ahead of the competition.

But how did a traditional compaoy such as Walker manage to beat the rest of the world marine equipment industry including the Americans who had been living with Satnav for years?

It all came about elmost by accident. Walker was marketing a range of sound but thoroughly conventional wind and water speed instruments during the 1970s. Meanwhile, the company's oldest and best-known product continued to be

BOATS

ROY HODSON

made—the taffrail mounted mechanical log driven by a rotator towed on a line astern of the vessel.

By 1978 the Walker family had relinquished active management connection with the company. Mr John Bishop, at one time company secretary and now managing director, was attempting to revive the company's fortunes on behalf of a consortium of Midlands businessmen.

The board of directors was sitting round the table in Birmingham and, frankly, wondering where to go when one of them scribbled a few lines on a piece of paper and passed it round. It was the germ of the small boat satellite navigator idea. And it had originated in a progressive electronics company, Polytechnic Marine of Coventry. Polytechnic developed the equipment and onw manufactures its electronics. The two companies have become closely linked through common shareholdings.

The heart of the Walker satellite navigator is a control unit. It is there to measure incredibly small time differences as a satellite passes over and transmits signals from which a position can be calculated automatically. To achieve the necessary accuracy the Walker time control unit is housed in e miniature oven within the receiver. As soon as the set is switched on the oven is heated to a temperature of about 80 degrees C and maintains that level. Each time unit and oven are matched together before fitting.

The average time between satellite passes is about 40 minutes. Between them the receiver up-dates the ships' position by a dead reckoning (DR) plot. The new set priced at £995 requires details of course, tidal stream and speed, to be entered manually via the receiver's keyboard to keep up the plot. But the more expensive Sat Nav 802 model at £1,700 can do your DR automatically if it is connected to a log and compass.

The 802 can also be "sent to sleep" for most of the time so that it can accomplish two Atlantic crossings upon the power of one average lead-acid accumulator. It works this way: the receiver is programed to "wake up" to secure the ship's latitude and longitude from a passing satellite at, say, midnight. It will record the dead reckoning while using hardly any power until one hours before the satellite is due. Then it will "wake up."

The satellite navigation system using Satnav will be the mos imporant ocean navigation system for small boats (apart from the trusty sextant) until the 1990s. During that decade the Americans are expected to make available a new satellite system called a global positioning system and code-named Navstar. Once again it will be primarily a military system with an ultimate accuracy of ground fixes to an order of inches. The de-tuned version to be made available to civilians is expected to have e reduced accuracy. The present Satnav can give remarkably accurate results of well under one nautical mile positional error. Generally accuracies are better than 0.2 nautical miles.

For coastal navigation, however, other electronic systems are jostling for position. Several automatic systems now offer fixes from coastal radio beacons. The Decca radio navigational chain has just been made available to yachtsmen through a new set for small boats selling at £1,500.

Finally, there is at least a prospect of the tried and trusted Loran system, so popular in North American waters, being extended to Europe. Both the Decca and Loran systems have an edge over satellite navigation for coastal waters in that the positions they report are updated continuously from the radio chains whereas satellite navigators depend upon the periodic passage of satellites above the horizon.

Really, there will be little excuse for running aground in the 1980s.

CHESS

LEONARD BARDEN

AT THE END of nine hours' play in the Englend v USSR semi-final for the World Chess Cup played by telex, the Soviet side sent a message thanking our team for a "competitive fight." That seems feir comment on a match where the Russians always led but where the English team were several times close to recovery.

Detailed results were (England names first) A. J. Miles v Y. Balashov for adjudication (Miles is a pawn up); J. Speelman v L. Psakhis for adjudication (Speelman is a pawn down); R. D. Keene ½, A. Yusopov ½, A. J. Mestel v V. Tukmakov for adjudication (Mestel is two pawns up but there are bishops of opposite colours); M. Chandler 1, O. Romanishin 0; N. D. Short 0, V. Kupreychik 1; P. E. Littlewood 0, E. Sveshnikov 1; S. M. Taulbut ½, E. Vasyukov ½. The USSR thus leads 3-2 with three for adjudication.

Miles and Psakhis have pronounced advantages, so much so that the England captsin offered to agree both results; but the Soviet side preferred to send them to the adjudicator along with Mestel's endgame. If Speelman loses and Miles and Mestel both win, the score will be 4-4 but England go through to the final on a superior board count (more points on the higher boards).

Unfortunately this desirable

outcome appears unlikely. The diagram shows the final position with Tukmakov (White) to move but no clear winning plan for Mestel.

The trouble with Black's position is that his two united passed pawns are blockaded and will remain so. White does not continue 1 B-K5? K-B4; 2 BxP, P-Q5 when the pawns advance and Black should win, but 1 B-R7! K-Q3; 2 B-N8 ch, K-B4; 3 B-R7 ch! maintaining the dark square blockade. Black can try various long-winded manoeuvres to infiltrate with his pieces? but White's king and bishop only have to protect a small area of territory between the QB and KB files so there seems insufficient room to break through.

Though neither side was completely at full strength, England probably were more affected by the absence of Nunn and Stean on prior overseas commitments than the Russian side were by missing Tal and Polugaevsky (Karpov has never played telex chess, and Kasparov has not done so for several years).

A narrow defeat from the world champions is en honourable result. Scores in the four most recent England v USSR matches are 2-2 (Buenos Aires 1978), 4-4 (Skara 1980), 1½-2½ (Malta 1980) and now probably 3½-4½. A yawning chasm of difference in class a generation ago (we lost 1½-18½ to the Russiens in 1954) is now the narrowest of gaps.

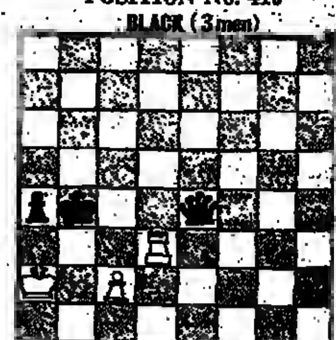
The match was held in excellent conditions at Phillips and Drew's London Wall offices while the England team was, as usual, sponsored by Duncan Lawrie. In the most brilliant game of the day, Kupreychik gained revenge on Nigel Short for defeat at Hastings.

White: V. Kupreychik (USSR).
Black: N. D. Short (England).
Pirc Defence
(World Telex Cup, 1982)

1 P-K4, P-Q3; 2 P-Q4, N-KB3; 3 N-QB3, P-KN3; 4 B-K3, P-B3; 5 Q-Q2, QN-Q2; 6 N-B3, Q-R4 (the best moves in this opening are debatable, but I prefer P-QN4 and B-QN2 as more solid); 7 B-Q3, P-K4; 8 0-0-0, P-QN4; 9 K-N1, Q-B2; 10 B-N5, B-K2; 11 P-KR4, P-QR3 (provoking White's following sacrifices, but after mixing two opening systems Black should batten down the hatches by 11 ... P-KR4); 12 PxP, PxP; 13 P-R5, NxRP; 14 BxB, KxB; 15 RxN! (with the black K in the centre, White has ample compensation for the exchange), PxR; 16 Q-N5 ch, N-B3; 17 NxKP, R-KN1; 18 Q-B4, R-R2; 19 N-Q5 ch! PxN; 20 PxP, B-N2? (a blunder but Black is lost. White has a variety of threats including N-B6 ch and B-B5); 21 N-N6 ch! K-Q2; 22 Q-B5 ch, Resigns. If K-K1; 23 R-K1 ch, K-Q1; 24 QxN ch, K-B1; 25 N-K7 ch.

POSITION No. 419

BLACK (3 men)

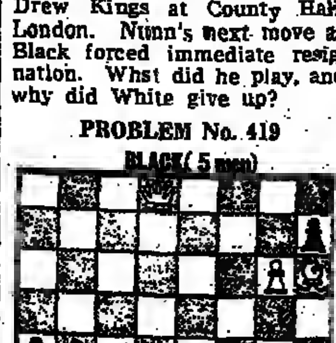


WHITE (3 men)

Timman (Holland) v. Nunn (England), Wijk ean Zee 1982. A critical endgame between two grandmasters who are currently both playing in the Phillips and Drew Kings at County Hall, London. Nunn's next move as Black forced immediate resignation. What did he play, and why did White give up?

PROBLEM No. 419

BLACK (5 men)



WHITE (7 men)

This problem by A. W. Galitzky has been dubbed the Mousetrap Puzzle. With Black's king as the mouse in his hole in the corner and White's pieces as various brands of cheese, what do you put in the trap to enable White to mate in three moves, against any defence?

Solutions Page 18

BRIDGE

E. P. C. COTTER

SOMETIMES HANDS are flat and uninteresting, but here are two deals from rubber bridge which will, I think, instruct and entertain you. Lok first at this:

	N	
	♠ Q 5 ♡ A J 7 3 ◇ K Q 8 6 ♣ 9 6 4	
W ♠ 10 9 8 6 2 ♡ 8 5 4 2 ◇ 9 4 3 ♣ 2		E ♠ 7 4 3 ♡ K 6 ◇ J 10 5 2 ♣ Q J 5 3
	S ♠ A K J ♡ Q 10 9 ◇ A 7 ♣ A K 10 8 7	

With North-South vulnerable, South dealt and bid two no-trumps, and North answered with a Baron three clubs, asking for four-card suits to be bid in ascending order. South said three no-trumps, which announced that he had no four-card suit other than clubs, so North did not waste time in bidding his red suits, but went straight to six no-trumps, which became the final contract.

West led the ten of spades, which was taken by the King, and the declarer laid down the Ace of clubs. When each defender produced a low card, South led the seven of clubs to dummy's nine, West showed out, and the Knave won. East returned a spade to the Queen on the table, a club was led for the marked finesse of the ten, and the King dropped East's Queen, during which time West had discarded a spade and two diamonds.

The declarer, who was a first-class performer, came to the conclusion that West must have more hearts than East, and was, therefore, more likely to hold the King, so that the finesse was the percentage play. But he also knew that West was an average player, who had learnt to "cover an honour" at his mother's knee, so he played the heart Queen from hand, and when West played low without hesitation, he put up dummy's Ace, and decided to rely on a heart-diamond squeeze against East. He crossed to hand with a diamond to the Ace, and cashed the Ace of spades.

In the four-card ending East held the heart King and Knave, ten, and five of diamonds. Now the club eight applied the coup de grâce, and East had no good discard.

Full marks to the declarer for having executed a safety play, for good psychology, and for bringing off an automatic squeeze.

The second deal is an illustration of The Sucker's Double, to which I have referred on more than one occasion:

	N	
	♠ J 10 9 5 ♡ A 5 4 ◇ A K 8 7 ♣ A 6	
W ♠ K Q 4 ♡ Q 10 7 ◇ J 10 9 ♣ 10 9 8 3		E ♠ 3 2 ♡ 9 8 6 3 2 ◇ 5 4 3 ♣ 7 5 4
	S ♠ A 8 7 6 ♡ K J ◇ Q 6 2 ♣ K Q J 2	

South dealt at game-all and opened the bidding with one no-trump, to which North replied with a Stayman two clubs. When the opener said two spades, North with three first round controls and reasonably good spade support, thought he would take the pressure off his partner, and jumped to six spades. West, deciding quite unjustifiably that South had the spade Ace, doubled, and all passed. The opening lead was the diamond Knave.

If West keeps his mouth shut, the declarer will win in dummy and run the Knave of spades, losing to the Queen. Later he will get back to dummy and take another finesse in trumps, and East-West will contentedly score 100 above the line.

But in the light of West's double, the declarer realised that West must have both missing spade honours, and that a trump endplay was the only hope of success. For this to succeed, West must hold a special hand pattern, namely 3-3-3-4.

Winning the opening lead with the Queen, the declarer cashed three top clubs and the Ace, King of diamonds. Then followed King of hearts, Ace of hearts, and a heart ruff — an essential move to reduce the number of trumps in the South hand — and the last club was ruffed on the table — another essential move to reduce dummy's trumps. Now the Knave of spades ran to West's Queen, and West was endplayed. The forced trump return allowed declarer to take the last two tricks.

HOW TO SPEND IT

by Lucia van der Post

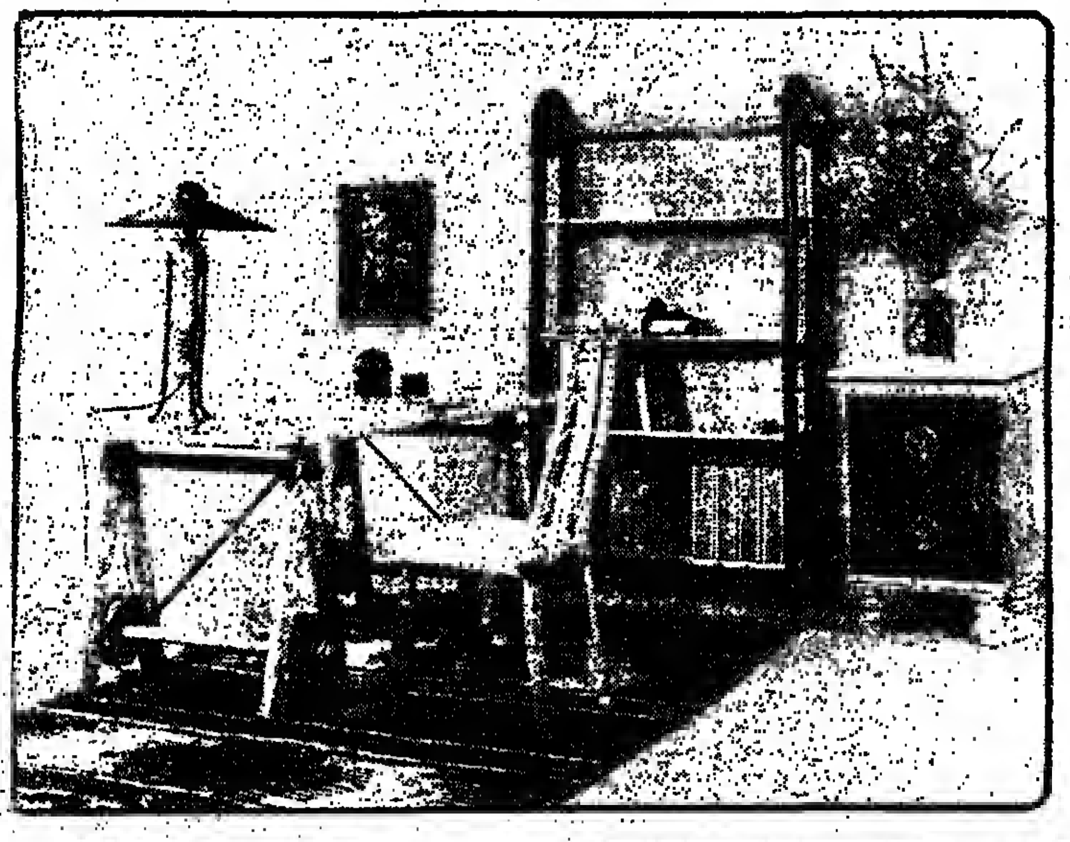
Make yourself at home in the office

IF all those pundits who have been predicting for years that one day we will all work at home connected to all our colleagues by computer terminals turn out to be right then this is the kind of office that I will be voting for. The two room-settings shown here above and below each use pieces from Johnny Grey's collection of furniture for the "Home Office." As is immediately apparent all the pieces look aesthetically quite at home in the domestic environment yet all also serve the purposes for which they were designed.

In the photograph, above, there is the kind of desk for those who go in for very large work surfaces and good deep drawer storage. The top is made from solid English ash, the feet are hand-turned ash, whilst the main body is lacquered black. The drawer handles are turned red acrylic (a new and unique technique). It is £2,752. The chair is one of the few items that are not a Johnny Grey design—it is the Unifor chair from Italy. In the background is an ash table specially designed to hold a VDU and it is £993. To its left is one of the most versatile pieces of furniture in the range—it would look good in almost any room in the house. In a combination of solid ash, black lacquered frame and glass-fronted with red steel across the glass, it is £3,976.

The lights are another Johnny Grey design—the shades are in black spun metal, the central core in hand-turned ash and some of the supporting structure is red steel. There are both desk and standard versions, £179 and £416.

In the picture below there is a trestle table which here offers a large working surface but it could, if the household needs ever changed, obviously double as a dining-table or any other sort of table. The top is veneered (the only piece of furniture in the collection to be veneered but in this case it is essential because being reversible and portable solid wood would warp) and sits firmly on the trestles by means of four rubber lugs. The standard version (as pictured here) is £579, but the top can be ordered in any size for an extra charge. The adjustable shelves in the background are £861 and the filing cabinet (which takes suspension files) is £930.



REGULAR readers of this page will already be acquainted with some of the work of Johnny Grey. I see that when I wrote about his range of bedroom furniture for Heal's, the London furniture shop, I described him as the *enfant terrible* of the design world. Well, things don't seem to have changed. He is still surprising, stimulating and infuriating the rest of the design world by his insistence on doing things his way; by refusing to adapt his designs to the sort of things that it suits manufacturers to make.

He has this old-fashioned view that design should come first and that it is the manufacturer's job to devise ways of bringing it to life. Companies which prefer to believe that the limitations of the manufacturing process should dictate what he designs find this view highly inconvenient.

For those who are interested in his whole philosophy and have the stamina to grapple with the sometimes dense and verbose prose, he has written a supporting manifesto "In Place Of Modernism" which is available on request. I entirely endorse his views but wish he had found a better editor.

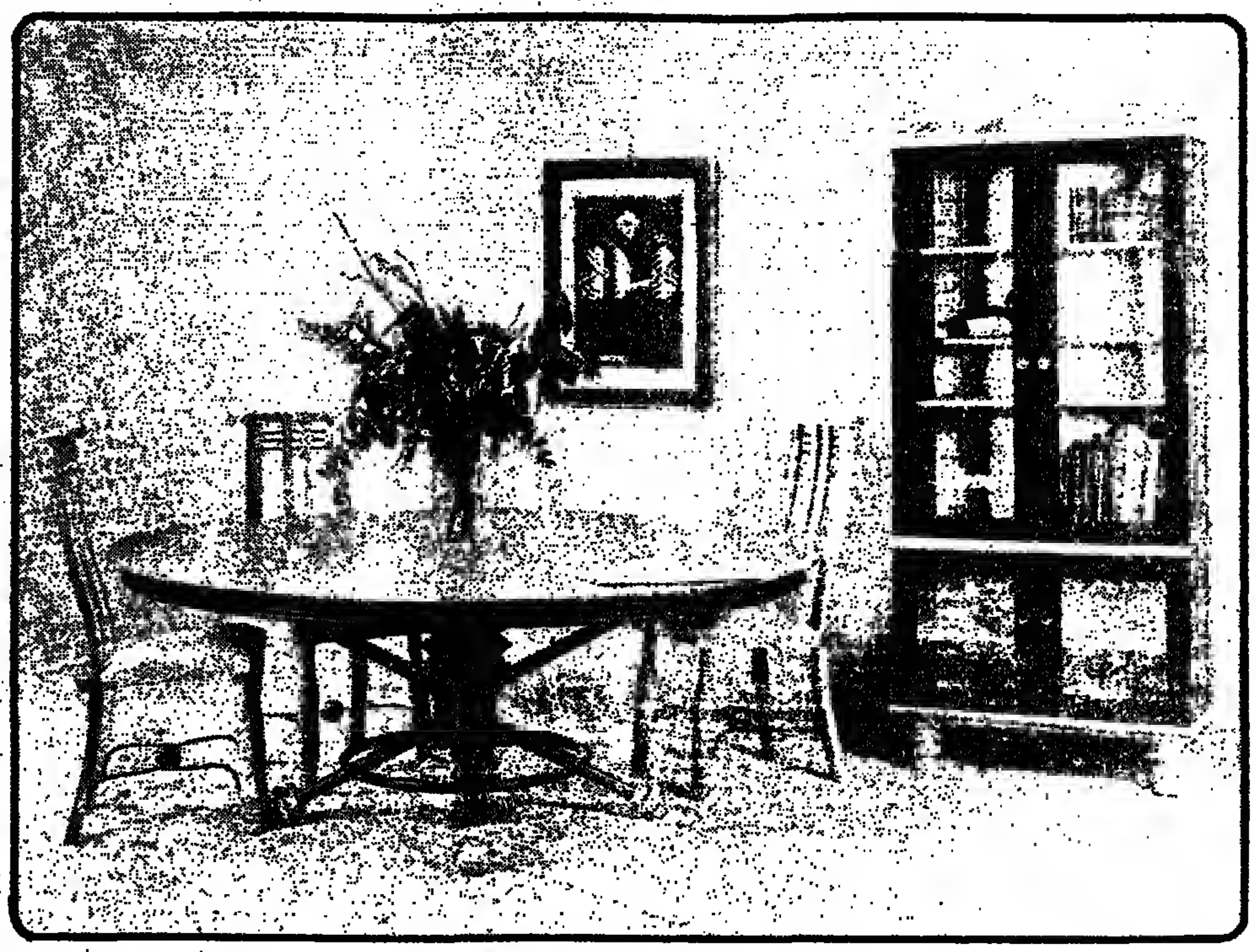
To turn, however, to the main focus of his activities—his furniture designs—he has now turned his attentions to what he calls the Home Office. The Home Office collection aims, he says, to "blur the distinction between the office and the study at home, by fulfilling the functions of the office within the aesthetics of the living room."

This, I think, he has achieved to a remarkable extent. Look at the pictures here which illustrate the individual pieces of furniture in the collection, all of which are designed to fulfil the functions of office furniture (storage, work surface, seating) and it is immediately apparent that they offer an aesthetic appeal that is quite different from anything else that is currently on the market. Not everybody will like it, but it is original, it does offer an alternative aesthetic to the office furniture already on the market.

As Robin Guild, director of Homeworks, which has helped finance the making of the furniture and will display and sell it, puts it "These pieces have all the qualities that used to be associated with high-quality British furniture but this is the first time I have seen them used in an original and modern idiom. For instance, the furniture is made from solid wood, it is hand-turned and finished, it uses lacquering and metalwork and in terms of its finish harks back to the times when British furniture was known for its quality. I haven't seen this quality in anything except reproduction furniture for years."

The furniture is, needless to say, not cheap but Robin Guild points out that it is no more expensive than top-level Italian furniture and it is certainly, in his view, far better made than most of that.

The story of the passage of the furniture from design pad to shop floor is almost a parable of the problems facing the British furniture designer.



In the photograph, above, there is another group of furniture from the "Home Office" range. This time a circular table which, obviously, could also double as a dining-table. In solid ash, with hand-turned base and feet, it is just one of a series of circular tables—some have wooden subframes, others have metal ones. The tables start at about £1,700. The chairs shown here with the table are in ash with upholstered seats (though there are also similar versions with ash seats) and they are £342 each.

The three photographs on this page can only show some of the collection but there are many other items in it—there's a drinks cabinet (sign of the times!) with or without a fridge, conference tables, a home study desk (which I suspect will probably be the most successful piece in the collection) as well as a plan chest, with or without a light box, and a whole series of small tables. The complete range can be seen at Homeworks. Anybody wanting to contact Johnny Grey himself either for catalogues or further information should write to him at 9, Abingdon Road, London W8.

Johnny Grey couldn't find a single manufacturer who was prepared to make his designs. Either they didn't have the manufacturing capacity or they found the designs too novel for their taste or they were simply not prepared to put up the necessary finance.

It is the kind of story that seems not to happen in places like Italy where every manufacturer of note seems delighted to attach a designer's name to a range (cf Offredi's designs for Saporiti, Magistretti's for Cassina). Manufacturers are keen to underwrite the talents of these designers and do not expect one in-house designer to produce the entire range. Here, it seems, designers can't wait to be employed by industry but have to be prepared to go out and organise the manufacturing as well.

Many of the skills and techniques that Johnny Grey needed if the furniture was to live up to his ideals were not easily found. For instance, turning the acrylic handles was a new technique which Stanley Plastics agreed to explore for him. Three different wood-working workshops do the cabinet making and then there are other workshops which do the lacquer and metal-work. All of them were prepared to give the kind of attention to detail that contributes to the final quality of the furniture.

In the end, Robin Guild, Johnny Grey and the various workshops that make up the co-operative responsible for making the furniture, provided the finance themselves. This way the risk has been spread and everybody feels committed to its success.

As to the outcome of all this effort—it can be seen at Homeworks, Dove Walk, 107 Pimlico Road, London SW1. Interested readers can write to Homeworks for a free leaflet describing the range. There is also a fuller catalogue which is available for £2, refundable if anything is ordered.

I urge anybody who thinks that British furniture is sterile, undesirable and at a dead-end to go and have a look at this new range.

What's in a name?

YOU MIGHT think that the world is well supplied with fine perfumes and that it is even better supplied (or even over-supplied?) with fine perfumes attached to a designer's name. The great cosmetic companies, however, think otherwise. Spring is obviously perfume time and in the last three weeks three brand new scents, all with a "name" attached to them have landed on my desk.

There's Sophia (ladies first), after guess who, launched by Coty. From Charles of the Ritz there is Gianni Versace (who?—Gianni Versace, for those not in the know, is a modish Italian fashion designer), and finally from Helena Rubinstein comes Armani (after Giorgio Armani, another modish Italian fashion designer).

All three (or sometimes the companies on their behalf) claim a close and intimate involvement with the development of the perfume.

Sophia Loren says: "For me the discovery of this perfume was a beautiful experience, because it was created not just for me, but for all women. I love the scent. It is a rich, classic essence that lasts but is never obvious. It is constantly exciting to wear."

About Gianni Versace, the press release has this to say: "Acknowledged as the designer of the 80s by the international gurus of fashion, you (ie Versace) offer us today your latest creation, original, precious and sophisticated: a perfume in which you have put so much of yourself that it bears your name: Gianni Versace."

As for Armani, he wanted his first fragrance "to be an elusive fragrance. A fragrance that suggests and whispers many things but is not aggressive, because if you have something to say and say it softly it has a more startling effect than if you shout it out."

So how did the "names" come to be chosen? Sophia Loren is perhaps the most intriguing choice — Coty began by looking for an international film star. Sophia Loren came top on so many points that she became the natural choice. As the company agreed to give her approval not only of the perfume, but also of its packaging, the posters, the scripts for the commercials and all the other image-building ingredients she agreed (for an undisclosed royalty, rumoured already to have brought her in the region of £570,000 in the States) to the deal.

Charles of the Ritz are less specific about their choice of Armani — they confine themselves to saying that as a couturier "he showed tremendous promise for the future and he suited our image as a company." He, too, was closely involved with the development of the perfume and much play is made of his influence over the "flacon" — "Cut like a diamond, it shines forth a gleaming V for Versace." As to the financial deals — the company limits itself to the enigmatic comment that "he has an agreement with the parent company."

Helena Rubinstein are endearingly frank about their choice of Armani — "There aren't any French designer names who don't already have a perfume are there?" — but then go on to say that he is a big name in the States and in Germany. Women's Wear Daily, the bible of the American rag-trade quoted a $5m agreement but Helena Rubinstein says simply that it can't disclose the terms.

And apart from all that, what are the scents themselves actually like? Very nice, all three. My personal favourite is Armani (£54 an ounce for the perfume itself), followed by the Gianni Versace (£50 for 30 ml) and, finally, Sophia (I found it a little sweet and cloying for my personal taste) but at £8.95 for 7.5 ml it is quite a bit cheaper.

Armani is not on sale until May 3 but the other two are already in the shops.

ARTS

Easter radio

BY B. A. YOUNG

What a lovely time the BBC gives its regular cootributors! For his Easter Day offering, Derek Cooper of *The Food Programme* went with a wine-merchant, Jack Hill, fnr a tour nf the Bnrdeaux wine country. The magic names floated through the speakers—Haut-Brion, Lafite, Latour, Mouton-Rothschild—and Jack Hill told how he would decide what to buy. He was not giving advice tn listeners: he was making his own professional judgments. We shall know how right or wrong they were when the wines appear (or don't appear) in the wine-merchant's shops. Until then, we must assess his approval by the sound of his slurping, the tone in which he spoke nf fruit, body nr the colour of the meniscus.

Frank Delaney had his *Bookshelf* holiday in Paris with the idea nf conjuring up the spirit of the post-first-world-war days of Hemingway, Gertrude Stein, James Joyce and the rest. He met Maria Jolas, widow of Eugène Jolas who published *Transition*. She was lovely, hut not universally kiod. Not very keen on Ezra Pound ("arrogant") or Miso Stein ("aggressive, egocentric"), hut devoted to Joyce.

Frank Delaney's guide to modern French books was Ivan Nabokov, the other Nabokov, the publisher, who told him that only half the French population ever hought a hook at all: when they did, it was probably a Goncourt winner. On the other hand, the waiter at Les Millefeuilles who served such big helpings of cake, said that lots of people bought comic-strip books. *Eheu, fugaces* . . . looking for café faces in the post-second-world-war days I only scored Sartre and the American composer Ned Rorem, but I didn't have the BBC behind me.

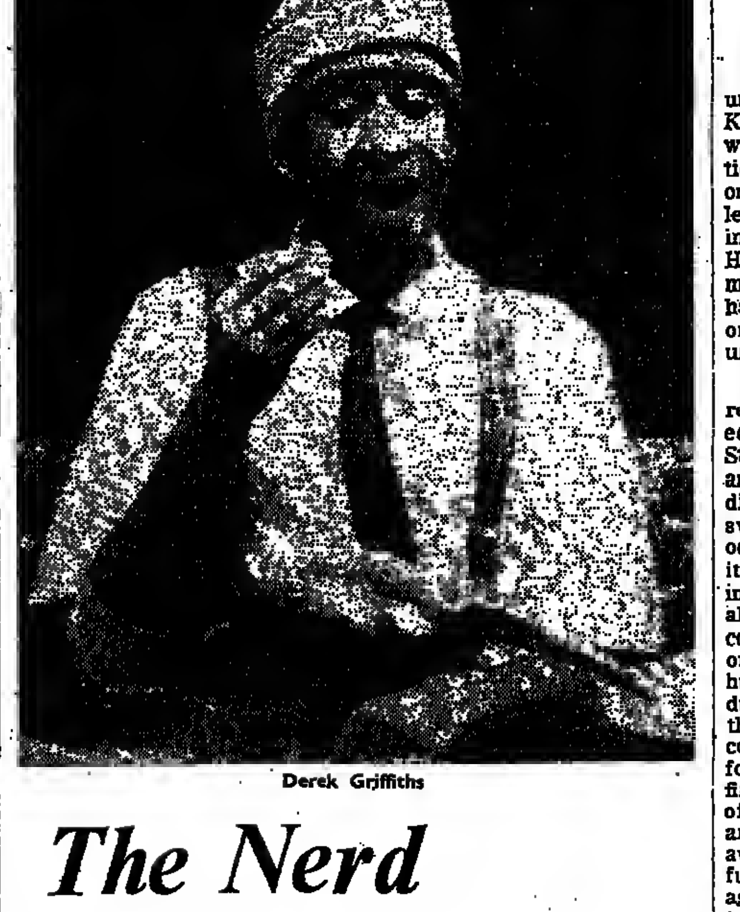
Brian Johnston was *Down Your Way* down my way, in the Cotswolds. What serious folk be met in Fairford, where they are still prnud of the Concorde! Their chosen records included Beethoven's *Pastoral*, Albinoni's popular andante, the rondo from Mozart's piano sonata K331 (played on guitar and vibraphone). I didn't like any of them as well as the old record of Maxine Sullivan singing "A brown bird singing."

I was straying among the familiar programmes to re-orient myself after a week of American radio, which as everyone knows consists of nothing but news, pop and advertisements. How wrong everyone is! I beard a recording nf *Die Entfuhrung ous dem Seroil* from the Met with an absolutely superb performance by Edda Moser; and in one nf the intervals an entertaining "Opera quiz" in wbich one of the contestants was our own William Weaver. All sponsored by Texaco.

On Monday, Radio 4 gave us a pretty story for children by Mary Hayley Bell, *The Winged Boy*, that I probably shouldn't bave listened to if it badn't been transmitted in binaural sound. I put on my stereo beadphones as Radio Times told me, and was periodically startled to bear doors opening aod shutting behind me that did not actually exist. The story concerned a poor Irish boy who grew wings and learned to fly, an ability that deserted him when he was persuaded to try it in a circus, but ultimately ensured him immortality like the cherub in the stained-glass window. Someone must tell me the difference between "binaural" and "stereo," wbich seem to me the same thing, at our end of the transmission anyway, whatever they're doing in the studio.

We could bave done with some stereo in Saturday-Night Theatre's *Appleby's End*, to sort out some of the complexities of Michael Innes's comedy-thriller, rendered no less complex by Michael Bakewell's adaptation. John Hurt as Detective-Inspector Appleby was an unexpected but happy bit of casting, though as he was almost the only normal character among an array nf bizarre folk with names like Heyhoe, Rainbird, Hoobin and Grope be couldn't hope to do much more than be an averagely efficient but rather bewildered officer. Of the grotesques, I specially enjoyed Christopher Douglas's Billy Bidewell. Jane Morgan directed.

Half an hour's nightly *Chamber Jazz* on Radio 4 at 11.30 pm was welcome, even if only because it wasn't on Radio 3, wbich already had *Jazz Record Requests*, *Benny Goodman and Friends*, *Jazz in Britain*, *Jazz Today* and *Take It, Prezarini* in the week. But why "the best small groups of the last 40 years" when you have to go back more than 50 years for the *crème de la crème*?



Derek Griffiths

The Nerd

BY B. A. YOUNG

Larry Shue's *The Nerd* was spotted by Braham Murray at the Milwaukee Rep and brought back by him to direct at the Royal Exchange, Manchester. It uses the familiar formula of so much American comedy, the stable household invaded by the disruptive influence that may be Sheridan Whiteside and may be just a nerd. The Exchange's programme will tell you what a nerd is, but briefly, it is what it sounds like. The stable household in this piece coosists of three people living together but apparently not cohabiting. Willum (David Horovitch) is an ambitious young architect, working on hotel plans for authoritarian philistine Mr Waldgrave. Axel (Gary Waldhorn) is a theatre critic, who wears a tuxedo to opening nights; the play is set in Terre Haute, where no doubt critical behaviour is more aristocratic. Tansy (Shelley Borkum) is a career girl intent on making a career as the weather-girl on Washington television.

The intrusive nerd is Rick, unknown to all of them but Willum, whose life he is said to have saved years before in Vietnam. He is a figure of the wildest farce, who makes his first entry in an octopus costume under the impression he has been asked to a fancy-dress party. Derek Griffiths bestows on him all his manifold gifts of comedy without restraint, making Mr Shue's situations almost seem funny. They're culled from a repertory that always has been funny, and lightly lubricated with Neil Simon-style one-liners, so I must attribute my reluctance to laugh to over-familiarity.

Rick's antics, which are countered by Willum aod Axel with the aid of an unnecessary offstage figure called Kemp and a great deal of electronic souod ultimately turn out to be purely beneficial. Willum's contract for a hotel that looks like a shoebox is cancelled, and Willum is stimulated into renewed courtship of Tansy: Axel—but I mustn't say more about Axel, who proves to be the deviser of a surprise ending that suggests no more than that Mr Shue had come to the conclusion that he must eod the play somehow, and not a moment too soon if you ask me.

For what it's worth, it's nicely played in a middle-class sitting-room furnished by Johanna Bryant.

Hungarian rhapsody with goulash

BY DOMINIC GILL

Under the firm but unobtrusive leadership of János Kádár — the most notable of whose many political distinctions is that he is perhaps the only one of today's communist leaders who might be re-elected in a genuinely free election — Hungary's "new" economic mechanism" of the past decade has brought to fruit a market-oriented brand of socialism unique in the Eastern bloc.

The keyphrase of this remarkable path of social and economic progress has been Steady but Sure. Since 1956, any hint of sudden change of direction bas been scrupulously avoided: and where it has occurred elsewhere in the East, it has been viewed by and large in Hungary with pessimism and alarm. Given time, Hungarians constantly remind one, time is on their side. Unspectacular but steady growth in farm productivity, for example, during the 1970s bas transformed the country into a net exporter of foodstuffs in the 1980s for the first time since the war. Prices of luxury goods, for Hungarians, are bigh: but the goods are available, and shops are plentifully stocked. Occasional shortages (last year, picture-pins and toilet-paper: this year, paper handkerchiefs and cartons of fresh orange juice) may be infuriating to live with, but they are the exception rather than the rule.

In such a context — where "revitalisation," rather than "reform," is the chosen and much-reiterated word — it could hardly be imagined that Hungary would ignore the potential of tourism (next to oil, after all, the world's second largest industry). A picturesque setting on the banks of the Danube, a famous concern for hospitality and courtesy, lively cultural traditions, a profusion of spas and thermal baths, and especially a geographical location, poised, at the very centre of Europe, between East and West, all serve to make Budapest as natural a staging-post as Vienna for visitors travelling in either direction.

During the past five years tourism has indeed become one of the Hungarian capital's major industries, and a significant hard-currency earner. During 1981, nearly 15m tourists visited or passed through the country, nearly all through Budapest — an extraordinary figure, set beside the nation's total population of only 10¼m.

The city is already notable for its autumn "Music Days," and also for the enterprising little festival of contemporary music — the *Korunk zenéje*, or "Music of Today" — presented under the same umbrella, which I bave reviewed regularly on this page. There, although foreign visitors are naturally welcome, the accent is primarily on domestic consumption. But Budapest's new Spring Festival, an annual event unveiled for the second time this year under the somewhat cumbersome banner of "Tourism and Culture for Mankind," is principally and explicity a tourist attraction.

In the space of 10 days it offers the foreign visitor a dizzying variety of cultural programmes, with the emphasis very much on mark, schilling, pound and dollar exchange: excursions (by boat up the Danube, and to the surrounding towns and countryside); exhibitions (of paintings, ceramics and sculpture, including a fine show by the sculptor Amerigo Tot in the gallery of the newly-restored Vigado); theatre, dance and puppet shows; an international festival of cinema; special regional gastronomic menus in most of the main restaurants around town. Hungary's most enduring contributions to international culture, nonetheless, beyond the barriers of language, have always been musical; and it was right that concerts and recitals should have taken the centre of the stage.

If I had stayed longer, and had been able to visit at least four places simultaneously — for the schedule proposed around 20 events, usually mutually exclusive, every day — I could have heard Haydn's *Il ritorno di Tobia*, half a dozen organ recitals, a dozen each of chamber and orchestral concerts, the splendid Hungarian Radio Children's Choir, and a programme of choral works by Kodaly. (1982 is the centenary year of Kodaly's birth, and it seemed strange that the organisers had not seized the occasion better. Apart from a puppet performance of *Hary Janos*, and a public session of the International Kodaly Society, this choral event was the only concert of the festival which prominently featured Kodaly's music.)

Budapest's new Spring Festival provided 'the opportunity to hear live in recital one of my childhood heroes-on-disc, the pianist Gyorgy Cziffra'

I was delighted above all to have the opportunity to hear live in recital for the first time one of my childhood heroes-on-disc, the pianist Gyorgy Cziffra. It was not an auspicious occasion, for only a few weeks before his Budapest appearance, Cziffra had suffered the tragic accidental death in France of his son (a distinguished young conductor, also named Gyorgy, with a promising career ahead of him). It was a brave gesture in the circumstances to continue with the recital: but in an announcement beforehand he begged our indulgence for what he felt would be inevitable shortcomings. In fact, there was none: a sparkling display of grand-romantic pianism of the most ravishing kind, wonderfully stirring, touched only from time to time with colours of the darkest melancholy, deeply moving.

Like Richter, Cziffra now plays a Yamaha concert grand at his public performances: a smaller-scale sound than the Steinway's, but sweet-toned and intimate, nicely suited to the domestic acoustics of the Vigado. Just one habit, of looking up and nodding at the audience before the last notes of each piece had died away — visual equivalent of clapping before the piece has finished — I found irritating. But the authority and command of the playing, while it lasted, was irresistible.

In his first half Cziffra gave us nearly 1½ hours of music: a huge sequence of Liszt and Chopin, framed by Liszt's B minor Ballade, grandly sonorous, and a Chopin *Barcarolle* of marvellous, unstoppable momentum. His last half be reserved for "encores": the two Liszt arrangements of Chopin songs, and an account, extraordinary in every respect, wrought from sprung-steel, and taken at the same insanely exciting tempi one remembers from the discs, of the second Hungarian Rhapsody. Cziffra has not played in England for well-nigh a dozen years: that is our loss, and should be remedied very soon.

Another piano recital, given by the winner of last year's Liszt-Bartok Piano Competition in Budapest, merely added weight to the powerful case against all music competitions in general. Hortense Cartier-Bresson (great-niece of the photographer) may have won her prize: but she is a pianist of no kind of public musical calibre. Her recital was a small-scale, tentative affair, good student stuff that showed scant trace of genuine original perception.

Much more satisfying, one guessed, to have spent the evening with Leningrad's Esperanto Theatre and their new production (in Esperanto, no less, for this is a matter of serious international concern) of a play entitled Does *God Bark?* — or indeed to have sampled another regional round of Austro-Hungarian cuisine. A word of caution here. Eating out in Budapest is beset with pitfalls, but it is worth persevering. Many classic dishes, especially in the better-known and more expensive restaurants, can be barely recognisable: the famous cold cherry soup indistinguishable from Eden Value yoghourt; delicious fresh fogas fish from Lake Balaton too often grilled to a chewy crisp. Beware anything but local cheese (and beware that too): "Roquefort" is a euphemism for a small pile of very old and very finely grated Danish Blue.

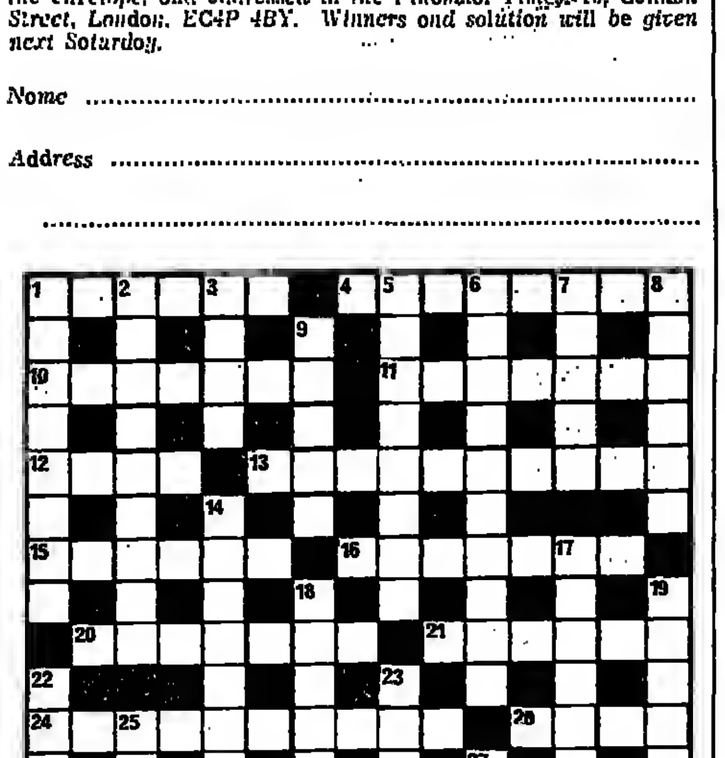
In the smaller, vastly cheaper (and occasionally privately-owned) restaurants off the beaten track, however, there are still many happy discoveries to be made. Rich, spicy fish soup, pungent with saffron and garlic, is a meal in itself (soups everywhere, in a country that has not yet accepted stock-cubes, are generally excellent). And *Túrós csusza*, bizarre dessert of cold noodles, white cheese, sour cream and pork crackling, is actually much more delicious (if not less surprising) than it sounds. But take an interpreter or a Hungarian friend: where the best cooking is, neither the menu nor the staff speaks English.

F.T. CROSSWORD PUZZLE No. 4,849

A prize of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....



ACROSS

1 American city right for a literary artful person (6)
4 Pristine, and of the highest quality, but with little value (8)
10 Finished knitting laid aside (4-3)
11 Perplex no more in Paris (7)
12 A foolish person to attack (4)
13 Adequate stock and transport for it (5-5)
15 Scanty silver in a pool (6)
16 Discharge a bank clerk holding money, that's right (7)
20 Careful examination of South American country's slate (7)
21 Article I severed in a dam (6)
24 Tolerates work in the garden, but comes to a complete stop (10)
26 Shellfish left in river (4)
28 Mount, holding a toffee (7)
29 A refreshing drink for reviving the spirits (7)
30 One who builds an annexe without contract (8)
31 Indian servant or messenger (6)

DOWN

1 Cards or quoits? (4-4)
2 I box in time, but it's unequal (9)
3 Bone broken in a tree (4)
5 Telephone twice for an old portable timekeeper . . . (4-4)
6 . . . and a feature of a modern timekeeper held by small worker (6-4)
7 Wicked in state house (5)
8 Going too slowly, but 5 wouldn't be, although 6 may be (6)
9 A measure that's forthcoming (5)
14 Aircraft mechanic prevents flying with a soldier (10)
17 Longfellow's strange device going onward and upward (9)
18 Prison, to the time of being put in headquarters (8)
19 Blunderer taking a glass from the south (8)
22 Spirit beloved by Eros (6)
23 Loose bits of coal (5)
25 Evil demon making a mixture of materials for producing glass (5)
27 Unusually bare Scottish hill-slope (4)

Solution to Puzzle No. 4,848

AMERICANFLAG
B A E O O A A A
ANGELIC MANXMAN
R E I K I C B I
TINGE ANTEROOM
E T V S A G A
REALESTATE SEAL
E O E I L S
DOLT SECONDSLIP
R O R N O A I
RUCKSACK LASER
I K L T A T
DENTURE ATTAINS
U A R E N S
TOWERINGRAGE

SOLUTION AND WINNERS OF PUZZLE NO. 4,844

Mr R. Gedling, 27 Wallace Fields, Epsom, KT17 3AX.

Mr F. Vander Steen, 24 Wendover Court, Lyndale Avenue, London, NW2 2PG.

Mr Thomas McLaughlin, Easdale, Blairgowrie, Perthshire.

TV/Radio

† Indicates programmes in black and white.

BBC 1

6.25-8.55 am Open University (Ultra High Frequency only): 9.05 The Do-It-Yourself Film Animation Show. 9.30 Get Set for Summer. †10.55 Days of Thrills and Laughter (Film, 1961). 12.27 Weather.

12.30 pm GRANDSTAND including 1.00 News Summary: Football Focus (12.25); World Ice Hockey Championships (1.05); Rugby League "Top Try" Competition (1.40); Racing from Newbury (1.55); 2.00 Bucklebury Maiden Fillies Stakes; 2.30 Clerical, Medical Greenham Stakes, 3.00 Newbury Spring Cup Handicap, 3.30 John Porter Stakes: Badminton Horse Trials, the Whitbread Trophy: International Swimming from Blackpool (4.35).
5.05 The All New Pink Panther Show.
5.25 News.
5.35 Spotlight Sport.
5.40 The Dukes of Hazzard.
6.30 Pop Quiz with Mike Read.
7.00 Ken Dodd's Showbiz (last in series).
7.35 Saturday Film: "The Greatest Show on Earth" (1952) starring Betty Hutton, Dorothy Lamour, Charlton Heston.
10.05 News and Sport.
10.20 Match of the Day. Highlights of two Football League matches, analysis and interviews.
1.20 Pearl. Spectacular three-part drama about the days which led to America's entry into World War II, starring Angie Dickinson, Robert Wagner.
12.50 am-12.55 Weather.

REGIONAL VARIATIONS:

Cymru/Wales — 5.35 pm-5.40 Sports News Wales.

Scotland—9.00 am-9.30 Mag Is Mog. 5.35 pm-5.40 Scoreboard. 10.20-11.20 Sportscene. 12.50 am Weather; Scottish News Summary and Weather.

Northern Ireland—3.10 pm-3.45 Rugby Union. 4.55-5.05 Scoreboard. 5.35-5.40 Northern Ireland News. 12.50 am Weather; Northern Ireland News Headlines.

England—5.35 pm-5.40 South-West (Plymouth): Spotlight Sport/Regional results and reports. All other English regions: Sport/Regional News.

6.25 am-3.10 pm Open University.

BBC 2

†3.10 Saturday Cinema: "Boom Town" (1940) starring Clark Gable, Spencer Tracy, Claudette Colbert, Hedy Lamarr.
5.05 Badminton Horse Trials.
6.05 The Full Cost?
6.35 Did You See . . .?
7.15 News and Sport.
7.35 Washingtoo: Behind Closed Doors. A fictional series about those who use and abuse power starring Jason Robards, Stefanie Powers.
9.20 The Other Tour.
10.10 Man Alive: One of the Family. A look at life for those who live and work in stately homes.
11.05 News, Weather.
†11.10-1.10 am The Films of Orson Welles: "Citizen Kane" (1941), also starring Joseph Cotton, Agnes Moorehead, Dorothy Comingore.

LONDON

9.35 am Sesame Street. 10.30 Cartoon Time. 10.45 The Adventures of Black Beauty. 11.15 Space 1999 . . . The Full Circle.
12.15 pm WORLD OF SPORT: 12.20 On the Ball. 12.45 Rallying. 1.00 Motorcycling—The John Player International 250 cc Championship, from Donington. 1.15 News. 1.20 The ITV Six from Ayr and Thirsk. 3.10 Motor Cycling—The World of Sport Superbike Challenge, from Donington. 3.45 Half-time Soccer News and Reports. 4.00 Wrestling from Bolton. 4.50 Results.
5.05 News.
5.15 Worzel Gummidge.
5.45 Buck Rogers in the 25th Century . . . The Time of the Hawk—Part I, starring Gil Gerard and Erin Gray.
6.45 3-2-1 . . . Egypt, presented by Ted Rogers.
7.45 The Assassination Bureau starring Oliver Reed, Diana Rigg, Telly Savalas and Curt Jergens (1968).
9.45 News.
10.00 Arthur Lowe in Car Along the Pass.
10.30 Oil for England.
11.30 News Headlines followed by Johnny Carson's Tonight Show.
12.10 Adult Continental Movie Seven Suspects for Murder, starring Michele Morgan and Serge Reggiani (1975).

ANGLIA

9.00 am Sesame Street. 10.00 Sport Billy. 10.25 Thunderbirds. 11.20 Tarzan.

BORDER

9.40 am Untamed World. 10.05 Tarzan. 5.45 Chips. 7.45 Film: Murphy's War. 9.45 News and Border Weather. 11.00 The Streets of San Francisco: The Thirty-Year Pin.

CENTRAL

9.20 am Sesame Street. 10.20 Falcon Island. 10.45 Stingray. 11.15 Off the Record. 11.45 International Bowls. 5.45 Chips. 7.45 Saturday Cinema: "March Or Die," Gene Hackman. 11.00 Bizarre: Hosted by John Byner. 11.30 Johnny Mathis in Concert in Germany.

CHANNEL

5.05 pm National News followed by Channel Islands Weather Summary. 5.15 Puffin's Pla(i)ce. 5.20 The Brady Bunch. 5.45 Sale of the Century. 6.15 *Mr Merlin (Pilot)*. 9.45 National News and Sport followed by Channel Islands Weather Summary. 11.00 Bizarre Eps 13. 11.30 Video Sounds Q-Tips. 12.00 Three's Company Baby Sitters. 12.25 Weather.

GRAMPIAN

9.10 am Fangface. 9.30 The Flying Kiwi. 10.00 Tarzan. 10.50 Welcome Back Kotter. 9.45 pm ITN News Followed by Area Weather Forecast. 11.00 Rollectrons. 11.05 Thriller "The Canadian Killer."

GRANADA

8.25 am Watch It! The Flying Kiwi. 8.50 The Undersea Adventures of Captain Nemo. 9.55 Sport Billy. 10.15 Sesame Street. 5.45 Chips. 7.45 Murphy's War. 10.00 Coronation Street. 11.00 The Star and the Story. 11.30 Two Mules for Sister Sarah.

HTV

8.55 am The Adventures of Black Beauty. 10.20 Sesame Street. 12.13 pm HTV News. 5.15 HTV News. 5.45 Hawaii Five-O. 11.00 The Palace Presents. 12.00 Weather.

HTV Cymru/Wales. As HTV West except: 9.55 am-10.20 am Razzmatazz. 5.15-5.45 Sion a Sian.

SCOTTISH

9.20 am Vicky Viking. 9.45 Thunderbirds. 10.35 Saturday morning picture show. 5.45 Chips. 11.00 Bizarre. 11.30 Late Call. 11.35 The Streets of San Francisco.

TSW

9.05 am Wheelie and the Chopper Bunch. 9.30 The Saturday Show. 10.30 The Incredible Hulk. 11.20 Sport Billy. 12.12 pm TSW Regional News. 5.20 The Brady Bunch. 5.45 Sale of the Century. 6.15 New Series: Mr Merlin. 11.00 Bizarre. 11.30 Video Sounds. 12.00 Three's Company. 12.25 am Postscript. 12.30 South West Weather and Shipping Forecast.

TVS

9.15 am Saturday Brief. 9.20 Sesame Street. 10.20 Sport Billy. 11.45 Film Fun. 5.15 pm TVS News. 5.50 The Incredible Hulk. 11.00 The Two of Us. 11.30 Star Parade. 12.30 am Company.

TTV

9.00 am Story Hour. 9.55 Cartoon Time. 10.05 Joe 90—"The Big Fish." 10.30 Saturday Morning Movie "Omnan alon 5". 12.13 pm North East News. 5.15 North East News. 5.45 Chips. 11.00 The Monte Carlo Show—Liberace. 12.00 House Calls. 12.30 Three's Company.

ULSTER

10.00 am Sesame Street. 11.00 The Flying Kiwi. 11.25 Thunderbirds. 5.13 Ulster News—5.45 Chips. 9.59 Ulster Weather. 11.00 Barney Miller. 11.30 News at Bedtime.

YORKSHIRE

9.00 am Here's Boomer. 9.20 Thunderbirds. 10.10 The Adventures of Black Beauty. 10.35 The Saturday Morning Picture Show: "Raid on Rommel." 5.45 pm The Incredible Hulk. 11.00 Bizarre. 11.30 Star Parade.

RADIO 1

(S) Stereophonic broadcast.

5.00 am As Radio 2. 7.00 Wake up to the Weekend. 8.00 Tony Blackburn's Saturday Show. 10.00 Paul Burnett. 1.00 pm Adrian Juste (S). 2.00 A King in New York (S). 2.05 Paul Gambaccini (S). 4.00 Walters' Weekly (S). 5.00 Rock On (S). 6.30 In Concert (S).

RADIO 2

5.00 am Tony Brandon (S). 8.05 David Jacobs (S). 10.00 Sacha Distel (S). 11.02 Sports Desk. 11.03 Steve Jones (S). 1.00 pm The News Huddlines. 1.30 Sport on 2: Racing from Newbury: 2.30 Clerical Medical Greenham Stakes. 3.00 Newbury Spring Cup. 3.30 John Porter Stakes. Football. Swimming. 5.00 Sports Report. 5.45 Classified racing and football results. 6.00 Country Greats in Concert featuring Moe Bandy. 7.00 Jazz Score (new series). 7.30 Big Band Special (S). 8.00 Saturday Night is Gala Night (S). 10.00 Nordring 81 (S). 11.02 Sports Desk. 11.10 Pete Murray's Late Show (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

7.55 am Weather. 8.00 News. 8.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.30 Bandstand (S). 12.00 Haydn String Quartets (S). 1.00 pm News. 1.05 Early Music Forum (S). 2.00 The Symphonies of Mahler (S). 4.15 Images of Debussy (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Dorati Conducts (S). 7.20 The Harshness of Time. 8.05 Dorati Conducts (S). 9.00 Elective Affinities. 9.30 Chopin (S). 10.00 BBC Scottish Symphony Orchestra (S). 11.00 News. 11.05-11.15 Artur Schnabel plays Beethoven: record. Medium Frequency/Medium Wave Only: 11.45 pm-3.30 am Russian Orthodox Easter Vigil.

RADIO 4

6.25 am Shipping Forecast. 6.30 News. 6.32 Farming Today. 6.50 Yours Faithfully. 6.55 Weather; Travel; Programme News. 7.00 News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 Yours Faithfully. 7.50 It's a Bargain. 7.55 Weather; Travel; Programme News. 8.00 News. 8.10 Today's Papers. 8.15 Sport. 8.48 Breakaway. 9.50 News Stand. 10.05 Talking Politics. 10.30 Daily Service (S). 10.45 Pick of the Week (S). 11.35 From Our Own Correspondent. 12.00 News. 12.02 pm Money Box. 12.27 I'm Sorry, I haven't a clue (S). 12.55 Weather; Programme News. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News. 2.05 Thirty Minute Theatre. 2.35 Medicine Now. 3.05 Wildlife. 3.30 The British Seafarer (S). 4.15 The Oregon and the Bear. 4.30 Does he take sugar? 5.00 Peter as Pilgrim (S). 5.25 Week ending (S). 5.50 Shipping Forecast. 5.55 Weather; Travel; Programme News. 6.00 News, including Sports round-up. 6.15 Desert Island Discs (S). 6.55 Stop the Week with Robert Robinson (S). 7.35 Baker's Dozen (S). 8.30 Saturday-Night Theatre (S). 9.45 Letter from the Islands. 9.58 Weather. 10.00 News. 10.15 Something to Declare. 11.00 Lighten Our Darkness. 11.15 Stop the Week with Robert Robinson (S). 12.00 News; Weather. 12.15 am-12.23 Shipping Forecast: Inshore Waters Forecast.

CHESS SOLUTIONS

Solution to Position No. 419.

1 . . . P-R6 and White resigned. If 2 RxP, QxP ch; 3 K-R1, Q-B8 ch wins. If 2 R-N3 ch, K-B5; 3 K-N1, Q-K8 ch (not P-R7 ch? 4 K-R1); 4 R-R3, Q-QB8; 5 R-B3 ch (trying for stalemate), K-N5; 6 R-N3 ch K-R5 and wins.

Solution to Problem No. 419.

The white queen is the bait: 1 Q-R8, BxQ; 2 P-N7, BxP (if 2 . . . K-N4; 3 RxB etc); 3 BxB mate. If 1 . . . PxP; 2 B-N7, BxB; 3 QxB, or here 2 . . . P-N4; 3 Q-KR1.

COLLECTING

Fair dealing

BY JUNE FIELD

"FAIRS ARE PEOPLE, pleasure and spectacle combined. They are the oldest, liveliest and most unaffected form of public entertainment, embracing wide-ranging art forms, mechanical and structural ingenuity. . . ." So wrote David Braithwaite in *Travelling Fairs* (Shire Album, 1976).

Who is not beguiled by the delights of galloping horses, switchbacks and scenic railways, shies, shooting galleries and side-shows with the Fat Lady, the giants and the dwarfs, all complemented by the rich flamboyant decoration peculiar to the fairground?

Documenting the delights which are rapidly becoming rarer in our plastic age, is the magnificently colourful *Fairground Art—The Art Forms of Travelling Fairs, Carousels and Carnival Midways*, by Geoff Weedon and Michael Ward (White Mouse Editions/New Cavendish Books, £39.50).

It is the English roundabout horses with their wildly realistic glass eyes, flowing mane (usually carved so that the hair appears on his left or outward side), bared teeth, elaborate and ornate decoration and paintwork that dominate a weighty book that is a dazzling *tour-de-force* of riotous colour.

The beasts began as "dobby horses," a simple set of hanging horses, whether hand-cranked, horse or steam-powered. The term gallopers (jumpers in the U.S.) refers to a generally larger "rides" that had been converted to, or designed with, overhead cranks, which enable the animals to rise and fall, usually above a platform. The term carousel was commonly applied to European and American examples, with standing horses rigidly fixed to a suspended platform: the word deriving from the Italian *garosella* or Spanish *carosella*, meaning little war, a game played by horsemen in Arabia and Turkey in the 12th century. (Little clay balls, filled with scented water, were tossed among the moving riders, and the object was not to miss the catch.)

If I have a criticism of this obviously painstakingly researched book, which must now be considered the definitive work — an indispensable guide for dealers and collectors — it is that it has no glossary of fairground terms. The authors do explain some of the nomenclature of the various workings of an overhead-crank galloping horse roundabout, but a clear diagram would have been a useful addition. An effective basic sketch is given in Barbara Jones' *The Unsophisticated Arts* (Architectural Press 1951).

The "midway" in *Fairground Art's* full title is briefly explained in "The American Carousel: Coney Island Style" section, as "a travelling 'Carnival' set off with a 'midway' full of sideshow attractions."

Collecting fairground antiques really took off in a big way in America after the publication in 1967 of Fred Fried's book *The Pictorial History of the Carousel* (A. S. Barnes). Carousel figures now fetch thousands of dollars, the works of certain carvers, such as Marcus C. Illions, are particularly sought after, and there are magazines specially produced for enthusiasts.

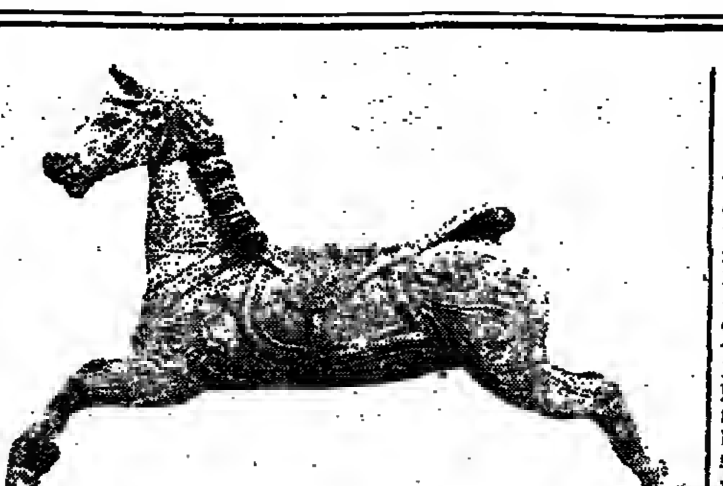
Prices are rising and museums are taking carousel art seriously. Geoff Weedon told me: "In Europe there is a more scattered interest with automatic shooting - gallery figures being as collectable as the wooden horse and figures, the variety of which is far greater than most people realise. In England, fairground antiques are not yet widely collected, nor are most dealers aware of their pedigree or their value. So for the moment carved work from fairground rides and showfronts, painted banners and the more recent painted wooden panels of the past 50 years are relatively cheap.

"Now that there is a greater interest in Steam Fairs, antique fairground rides are appreciating in value almost as quickly as traction engines which 30 years ago were sold for scrap, and now can fetch £70,000 or more. A small hand-turned children's carousel with horses, cockerels and hanging peacock cars carved by Orton and Spooner of Burton-on-Trent was sold for £11,000 the other year and considered a bargain!"

Main dealers in fairground artefacts are Malcolm Glikstein and Grierson Gower of Relic Antiques, near London's Camden Lock, who also have a veritable Noah's Ark in a warehouse in Malmesbury, Wiltshire. Some animals have been brought over from France, including some pretty Bayol jumping horses (Gustave Bayol was born in Avignon in 1859), and a delightful single-seater cow from a children's carousel, Bayol's brass plaque fixed to the corner of the saddle blanket: then there are various cats, rabbits and bears, and a fiery dragon's head once part of a large dragon car from an Orton and Spooner scenic railway. Most of these items can be documented from the book, and the price range is roughly £500 to £1,200, under £30 for the shields or banners which hung from the "swifts" (top bars) of gallopers.

Who buys these large playthings? "Decorators, restaurants, rich people who want exotic toys," says Malcolm, who gave up an early law training to go into dealing, first into old pub mirrors, then their reproduction, before specialising in what he calls "this fascinating appealing art."

● The book *Fairground Art* can be bought for £39.50 through Malcolm Glikstein, Relic Antiques, 248 Camden High Street, London NW1 (01-387 6039).



"Dobby" horse carved by J. R. Anderson of Bristol. From Relic Antiques, featured in "Fairground Art"—The Art Forms of Travelling Fairs, Carousels and Carnival Midways" by Geoff Weedon and Richard Ward (£39.50 White Mouse Editions/New Cavendish Books)

The hostas with the mostest . . .

GARDENING

ARTHUR HELLYER

HERBACEOUS PLANTS that combine interesting flowers with good foliage are especially valuable since few hardy perennials have a long flowering season and many have little to offer when they are out of flower. Hostas must come high on any list of such dual purpose plants for all have handsome leaves and as flowering plants most are far better than they are usually said to be.

The popular name plantain lily has presumably been given because the leaves of many kinds are very broadly spear shaped like the leaves of the plantains that grow so persistently in lawns and the flowers are narrowly funnel shaped. But the name is a bad one for no plantain has leaves to compare in size and beauty with the hostas and no lily produces flowers at all like them.

In size hostas range all the way from almost prostrate plants such as Hosta lancifolia to the bold, upstanding H. ventricosa which can reach a full three feet. H. lancifolia is really in a class of its own for I cannot think of any other kind that spreads its leaves out almost horizontally so that they make excellent ground cover, or that has such long narrow leaves.

In colour they are shining laurel green and its blue-lilac flowers are carried in slender 18 in spikes well above the leaves in August and September. Graham Thomas, who is an authority on such matters, says there is a variety names Viridis Marginata which has yellow leaves narrowly edged with green. It sounds wonderful but I have never seen it nor do I know anyone who has it.

Another small plant is Hosta undulata, which seldom exceeds 15 inches. The name was chosen because the leaves are woven in a most attractive way. They also twist, which adds to their charm, and they are naturally green with a broad central splash of ivory white. In catalogues this plant often appears as Hosta undulata medio variegata but the addition is unnecessary as the simple name H. undulata belongs to the variegated plant. If you want the plain green leaved form you must ask for Hosta undulata erromena. Both variegated and green leaved forms have deep lilac flowers in 18 inch spikes in late summer.

The flowers of Hosta ventricosa are larger than most, a good purple, and carried in late summer well above the leaves. These are notable for their size, their strongly marked veining and their shining green colour. This is a plant which will in time make a massive clump and it can then be very difficult to uproot, for all hostas anchor themselves firmly with a mass of fibrous roots.

Another kind with outstandingly good flowers is Hosta plantaginea. The big leaves are light green and the large scented white flowers are freely produced and open later in autumn than most. There is a fine variety named Grandiflora which has even larger flowers. According to Graham Thomas the American garden variety Royal Standard is derived from this species and it certainly looks much like it, with big, widely opened white flowers which are also sweetly scented. There is a good picture of it in the Bressingham Garden catalogue.

Hosta sieboldiana often appears in the catalogues as H. glauca, a name discarded by botanists, although it describes very well the blue-grey colour of its broad leaves. As a foliage plant to tone down strident flower colour it is unsurpassed —its white or pale lavender flowers are quite large and open early though sometimes they are carried in rather dumpy clusters that tend to get lost among the abundant leaves.

A variety named Elegans has even larger and bluer leaves and is the best to purchase if you can find a nursery offering it. It is in Beth Chatto's list. Whether the kind sold as Francis Williams is another variety of H. sieboldiana I am not sure but it looks much like it except that each leaf is edged with yellow that becomes buff with age. This fine hosta was raised in America at the Bristol Nurseries, Connecticut where Honeybells was also produced, a hosta with sweetly scented mauve flowers derived from H. plantaginea.

Hosta fortunei, a kind that much resembles H. sieboldiana, makes certain of displaying its bluish lilac flowers by hoisting them well above its leaves. Several varieties said to be of it appear in catalogues but not all truly belong here. Aurea, with pale yellow leaves that gradually become greener as they age, almost certainly does and also Albopicta which has yellow leaves streaked and edged with green.

In some lists it appears simply as Picta, botanically incorrect but from a descriptive standpoint sensible since the variegation is yellow not white as Albopicta would suggest. But if you buy the variety of H. fortunei known as Albomarginata and also the species named Hosta crispula the odds are that you will get two plants that are exactly alike.

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SPORT

The bat, the ball and the politics

Trevor Bailey looks ahead to what could be a long, hot summer for cricket.

WEATHER APART, this year's cricket season could be one of the most dramatic ever. On the face of it, a visit by India and Pakistan for a reduced number of Tests looks like an anti-climax to the wonderful Ashes series with Australia last year. But the strange exploits of Boycott and the South Africa tour with its resultant ban on England stars, has assured a season of interest, regardless of what happens to the bat and the ball.

Last summer's fight for the Ashes did an enormous amount of good for the game, not because the standard was high—the Australian batting line-up must have been about the weakest ever sent here—but because it contained heroic feats by Ian Botham and two highly improbable victories when defeat appeared inevitable.

It caught the imagination of the nation, not just cricket lovers. England coming back to win, when the bookmakers were laying 500-1 against was merely one highlight in the most exciting series since the war.

This year our visitors are India and Pakistan and neither can expect to raise as much interest as Australia, even allowing for the politics, which will sadly be brought into the game.

Talking strictly of cricket, last winter's play in India was depressing, while Pakistan had been beset by internal wrangles among their players which does not bode well for the future.

The outlawing of the England players who toured South Africa will weaken our team. Graham Gooch will be a sad loss—he is not only one of the few Test class batsmen around, but is also a spectacular strokemaker relished by spectators.

It was not surprising that the Players Association has supported the TCCB's three-year ban on the 15 English South African tourists, while at the same time somewhat ironically defending the rights of the individual to follow his profession wherever he chooses and condemning any outside influence in the selection of England teams.

Its decision was based on fear of upsetting the existing structure on which their livelihood depends. A cynic might point out that it also greatly increased the chances of some of them to climb on board the gravy train of Test cricket.

And what will be the reaction of our visitors from the sub-continent if the selectors decide to pick the South African, Alan Lamb, who is now qualified and who on ability would walk into the England team?

Our selectors now under new chairman Peter May have more problems than Ron Greenwood. They have to find a new opening pair. Presumably Cook will start off Number 1. Who will be his partner? Mendis, Butcher of Surrey, or perhaps one of the young Yorkshire batsmen who promise so much without yet turning in the figures which divide the good county player from the Test cricketer?

The captaincy issue is still open. In spite of a disappointing Indian tour Keith Fletcher will probably be entrusted with the job, at least for the first three Tests, as there are few obvious alternatives.

Our pace bowling department looks depressingly bare, because nearly all the proven senior seamers, apart from Willis, have disqualified themselves through their South African excursion. The main challengers either possess the speed but lack the control, or possess the control but lack the speed. Clearly Willis requires a new partner and it could well be the comparatively unknown Newman from Derbyshire.

With our two leading spinners also unavailable, Edmonds, if he can rediscover his old form has a splendid opportunity, while there are a number of off-spinners around, including the much improved Hemmings, Marks, Barclay and William. The last three are also useful batsmen.

Looking at present options only Gower, Botham, Willis and wicket-keeper Taylor can be regarded as certainties for the England team. Will a largely new-look England be able to beat India and Pakistan, who both have several players of genuine Test calibre? It is by no means certain.

But at domestic level the most important, and most demanding event is the Schweppes County Championship. Although Notts won the title last year largely through the bowling of Hadlee and Rice on some lively Trent Bridge pitches, and remarkable luck with the toss, I shall be surprised if they retain it. The acquisition of Hendricks will prove even more valuable now there is doubt that Rice will be able to perform with the ball, but their home wickets are unlikely to remain so consistently helpful to seam.

The four most likely contenders are Middlesex, Surrey (if their West Indian Clarke remains fit), Sussex and Somerset (who have the benefit of fielding three world class cricketers, Richards, Botham and Garner, a good skipper, Rose, and above average support). The two most likely outsiders are probably the well-balanced Essex and Lancashire, who have been reinforced by Croft, always providing they play to their potential.

Somerset carried off the Benson and Hedges Trophy last year. They should again win at least one of the limited-overs competition, possibly two, while Essex's chances of retaining the John Player League title have been improved by the fact that Gooch and Lever will always be available.

Although attempting to predict the eventual winner of the Benson and Hedges competition is extremely difficult, picking the two teams to reach the NatWest Final at Lord's is even harder, as there are no preliminary play-offs.

Who would have expected last year a final between Derbyshire and Northants? I rather fancy Sussex, who could well turn out to be the side of the season and the last winner of the tournament in its present form.

In 1983 it is to be extended to include Scotland and a further eight minor counties. To make sure that the minor counties, along with Ireland and Scotland remain sacrificial lambs and unlikely to make any real impression in the later stages of the competition, the first-class counties are to be seeded so that only two of them can meet in the first round.

Although the introduction of more contestants with NatWest providing an additional £25,000 will make no difference to the eventual outcome, it will certainly help to encourage the game still further.

Keith Fletcher (left), favourite to lead England this summer and Graham Gooch, his Essex team mate, banned from Test cricket for three years

Balancing 'twixt wind and water

Roy Hodson reports on a growing new water sport

WHETHER a surf board with a sail on it constitutes a vessel, a piece of exercise equipment, or a wart on the face of the waters, are questions that stir up deep feelings among those who go down to the sea.

Conventional mariners are likely to be in dispute with "board" sailors for some time to come about the proper status for sailboards in the nautical pecking order. But the prospect of thousands more sailboards fluttering like low-flying, colourful butterflies across harbours and anchorages this summer calls for some positive thinking. The wiser harbourmasters are avoiding the formidable and probably thankless task of interpreting strictly the question "what is a sailboard?" and, instead, they are appealing for goodwill to be shown towards board sailors by other mariners and by board sailors towards others.

Makers of sailboards in Britain are looking forward to another record year after a highly successful Earls Court Boat Show in January. Indeed, they were one of the very few sectors of the boating industry which had something to crow about after a show where people generally preferred to keep their money in their wallets.

Sales of boards in Britain are expected to reach between 12,000 and 15,000 this year—at an average price of round about £400 for a rig complete with mast and sail. By the end of the season the total board-owning population in Britain is expected to number about 35,000. They represent the most powerful new mass movement using inland and coastal waters for pleasure purposes. Judging by the number of magazines being spawned by the pastime, and the string of competitive events, they intend to make their presence felt as boardsailors in all future arguments over water rights and amenity matters.

Ken and Gordon Way — two brothers now in their late 20s, who started making boards in the family garage in Nottingham six years ago — are confident that the British boardsailing population will eventually reach about 150,000.

That judgment is leaving them with a tiger by the tail. Having bought licences to join the tight international "club" of board manufacturers controlled by the U.S. inventor Hoyle Schweitzer to build his designs, the Way brothers took orders for 700 boards at the Boat Show. Since then they have found themselves seriously under-financed to run a business which calls for instant expansion to catch the market but which has never employed more than 9 people.

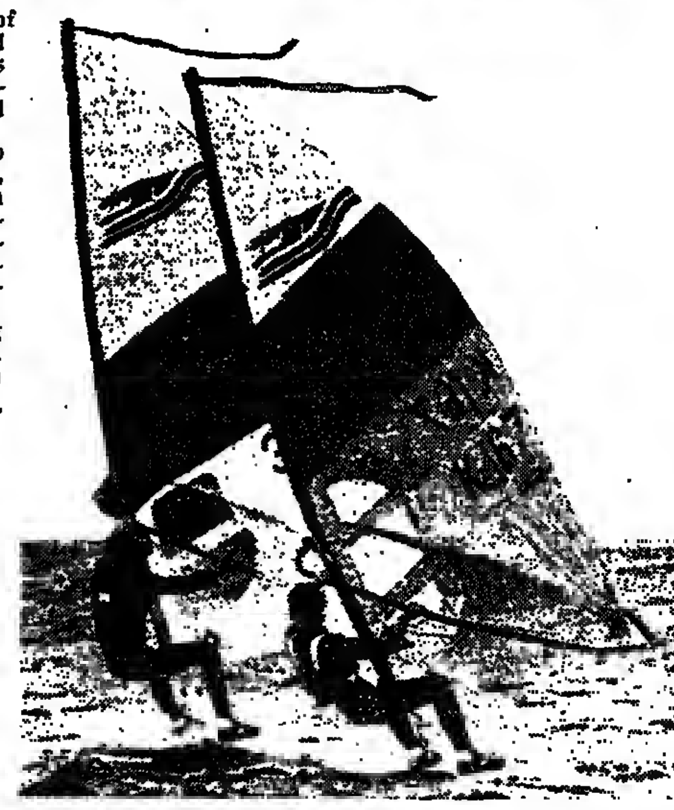
"We are in a classic over-trading situation" said Ken Way, the elder brother. Bank finance is one way forward for them. They are also considering having a big brother company take a stake in the business.

In its attitude to the business side of life the young board sailing industry is outside the mainstream traditions of yacht and boat building.

From the beginning (the Ways pioneered their British-made boards in 1976) the name of the game has been promotion and works teams to dazzle spectators with aquabatics.

Sponsoring and prize money loom large in plans to promote boardsailing this season. A body called the UK Series Pro Windsurfing Circuit backed by a company called Windsurfing Professional aims "to take boardsailing into new realms of publicity, sponsorship and competition" with a series of events. It promises substantial prize funds (some £20,000), controlled advertising, and pro-professionally run events.

Will it offer a water circus or a real attempt to cater for lovers of boardsailing? Time will tell. The plain fact that board sailing is now attracting active commercial interest is indication of how people are taking to this simple sport of balancing 'twixt wind and water.



Battling it out during a recent Sea Panther sailboard race meeting

RACING

DOMINIC WIGAN

IT IS A DANGEROUS business opposing any Warren Place runners at the present time, but having said that, it seems doubtful whether Cajun has the pace to take back Montekin in today's Greenham Stakes, in which Wind and Wuthering reappears.

Montekin, whose spectacular progress last autumn was to earn him 8 stone 11 lbs in the Free Handicap, remains a difficult colt to assess. However, of one thing no one can be in doubt. He is a far better animal than the bare result of the Horris Hill Stakes suggests. Asked to do no more than strictly necessary by Pat Eddery, the Mount Hagen bay passed the post the cheekiest winner seen all season at Newbury in that 7-furlong event. Eddery commented afterwards that the 1½ lengths margin of victory over Busaco could have been 6 or 7 lengths had he so wished, and that is very much how it looked from the stands.

Montekin, whose only setback during the season had come when he went down to Silver Hawk in the Intercraft Solario Stakes, has been working with great zest over the past few weeks and will, I believe, have a considerable edge in fitness over the 4 to 1 favourite for the 2,000 - guineas, Wind and Wuthering. That could prove decisive in a race in which Cajun, rated 3 lbs above Montekin in the Free Handicap, cannot be ruled out. The only other runners for the Clerical Medical Prize are Macmillion and Tender King, both of whom appear out of their depth.

An hour after the Greenham, it is the turn of the leading older horses with the Group 2 John Porter Stakes. Here my best news concerns Amyndas.

From the in-form Palace House stables of Bruce Hobbs, Amyndas got off the mark at the first time of asking last season with a victory over Protection Racket on his home course. That was a smart effort from a colt who had been unraced as a 2-year-old, but there was far better to come. Amyndas's subsequent exploits included a third placed run behind Vayrann and Cair Rouge in the 10-furlong Champion Stakes, for which he started at 66 to 1. By Sparkler, who is responsible for another smart Hobbs performer in Scintillating Air, Amyndas will not be inconvenienced by the longer distance of today's race.

NEWBURY
2.30—Montekin***
3.00—Winart
3.30—Amyndas*
4.30—Hand-Rolled

THIRSK
1.30—My Dad Tom
2.00—Chellaston Park**
2.30—Turn Back the Time

AYR
2.55—Silent Valley

SPORTS DIARY

RACING: William Hill Scottish Grand National, Ayr, today; Clerical Medical Greenham Stakes, Newbury today. Flat meetings today at Thirsk and Newbury, National Hunt meetings at Ayr, Huntingdon and Stratford-on-Avon.

EQUESTRIAN: Badminton Horse Trials, today and tomorrow.

HOCKEY: Club championship finals, Durham, today and tomorrow.

LAWN TENNIS: British Hard Court championships, Bournemouth, April 19-24.

RACKETS: Celestion Open Singles, The Queen's Club, today until April 22.

SWIMMING: Britain v USSR, Blackpool, today and tomorrow.

TABLE TENNIS: European championships, Budapest, today until April 25.

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Saturday April 17 1982

Bad days for formal dress

THESE ARE not the best of times to be aeen in public wearing *a black coat and striped* trousers, the quietly elegent uniform of lawyers, bankers and diplomats. Lawyers have never been any more popular then dentists; we all bope to keep out of their hands. However, the low standing nf bankers and diplomats is something new. Until recently they have been regarded as the flower of Britisb professionalism; but now their expertise is no longer taken for granted and, still worse, they are suspected of being wobbly on petriotism.

In such emotionel times, such things are liable to happen, for neither group is equipped to realise our dreams, as we sometimes demand. They deal in realities, and it is wben they fail here that it reelly matters. Tbe recent conduct of the Foreign Office can be left to the post-mortem which is bound to follow the end of the Falklands crisis. The bankers unfortunately fece a more pressing inquisition.

Disasters

The City's fear of the freeze on Argentine transections, and the underlying fear of a default, is not just a matter of bad debts, as Sir Jeremy Morse, chairman of Lloyds Bank, the most exposed in the Argentine, made clear in his annual statement this week. An Argentine default would be painful but manageable if it were an isolated event. The danger is that it would not be isolated.

Sir Jeremy also spoke of the need for flexible treatment of Polish debt; again, the City appears to protect tbe interests of an odious regime. However, Poland and Argentina together represent potential bad debts of well over $50bn; and beyond these two stand a long line of potential disasters among the Communist economies, the developing countries, and some of the newly-lmpoverished oil prodncers.

Casualties

The present debt crisis can be seen, without stretching hope too far, as temporary. Tbe present world combination of deep recession with crippling high real Interest rates appears to be a painful aberration. If the problem debtnrs can be kept afloet for the duration, either falling Interest rates or revlving earnings will, it is hoped, see them tbrough.

It is a desperately difficult interval, all the same. In the U.S., one quite widely known company failed with debts of over $400m last week, and Fidelity Mutuel, a mejor savings and mortgege institution on tha West Coast, collapsed. Even the Administration admits that there are likely to be bigger casualties before it is all over; indeed the American banking industry is far more worried about business risk than it is about international lending.

Containable

Tbe central banks of the world are therefore now fully preoccupied with what amount to lifeboat operations. As in the property crisis in this country in 1974, the politicians might welcome some exemplary defaults, but tbe bankers feel it necessary to err on tbe side of caution, even if as a result they stand eccuaed of protecting unacceptable capitalists (in 1974) or unacceptable regimes now.

The professional consensua is that the banking problem remains perfectly containable, thougb it may leave a nasty hole in the profit and loss account, provided there is not a wbole series of unforeaeen crises such as tbe Falklands affair. But the situation has important implications for the future, and suggests lessons to be drawn from the peat.

The future Implication is tbat even if interesl rates do fall sharply, as many now expect, the recession could persist. In the international market, bankers are elready talking openly of a credit contraction, in which not even credit-worthy borrowers can find funds. This is not only because banks are now extremely cautious in tbeir lending policies; the market for deposits is also tight—a major reason for high short-term rates.

Permissive

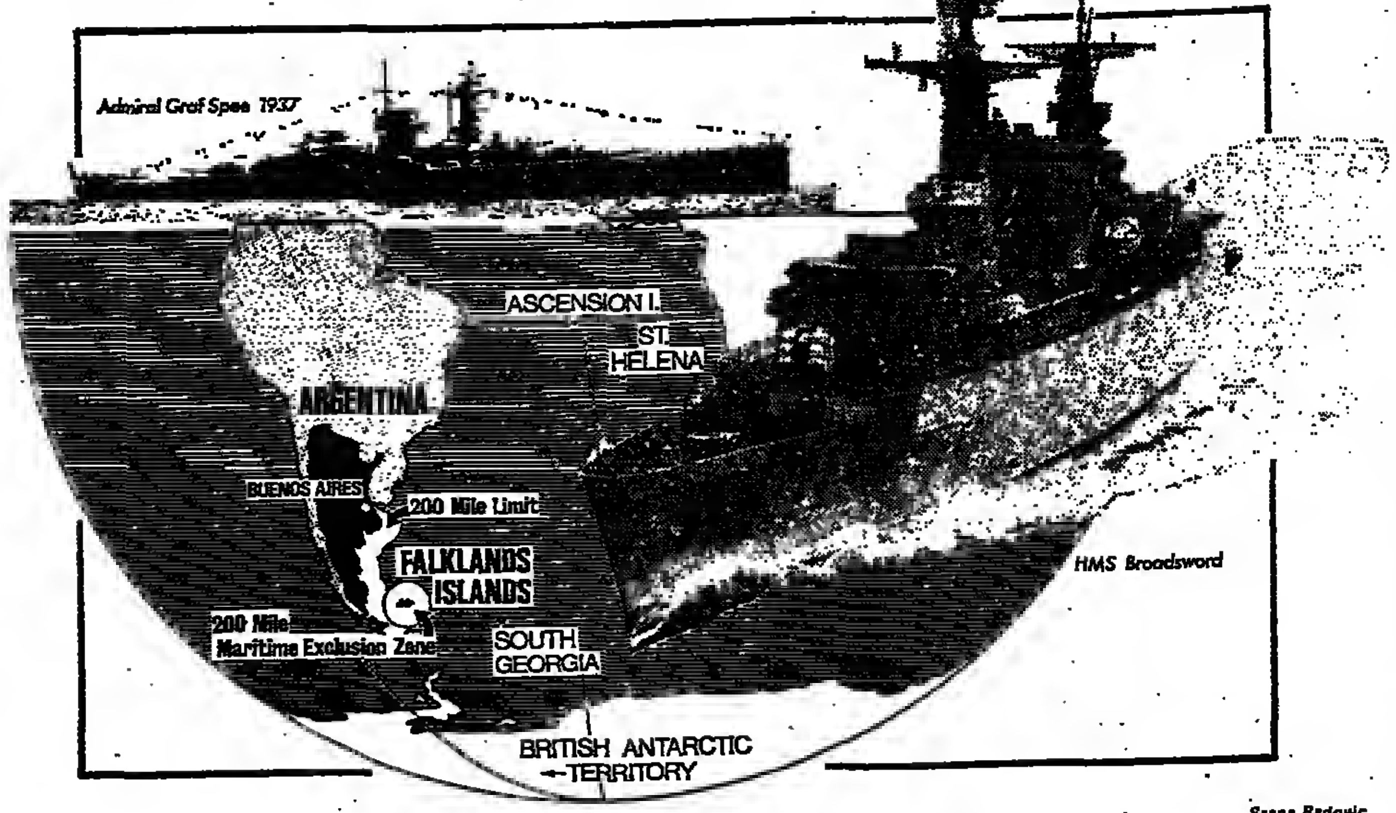
The collapse of the Opec surplus has cut off one major flow of new deposits; but it is the increasing quest for safety by other potential depositors which prevents the gap from being filled. The pattero of flows in Britain, wbere the Government bas over-funded its own borrowing and the authorities are refinancing the banking syslem through the money markets, is being repeated in different forms in other countries.

Why is a modest deflation—for monetary targets are no longer tigbt in real terms—producing such pain? The answer seems to be that central banks were fer too permissive in more Inflatiooary times. Tbe so-called "triumph" of recycling was in fact an episode of unsound benking, when short-term deposits were re-lent et long term to vulnerable borrowers; the need to keep these borrowers afloet is now crowding out recovery. The bigger the binge, the worse the hangover—but tbe less the temptation to over-indulge again.

HIGH-TECHNOLOGY WARFARE

First test of a modern navy

By Bridget Bloom, Defence Correspondent



Srana Radovic

WHEN the Royal Navy was last involved in a war off the coast nf Argentina, one of its three cruisers was led to its target by the sight of smoke on the borizon. The enemy warship—the German Graf Spee—was hunted by the most powerful British warsbip there, an eight-inch gun cruiser.

That was in December 1939, wben World War Two was barely three months old. The German "pocket" battleship's 11-inch guns in fact wreaked severe damage on the British ship, although the Graf Spee was finally forced to flee and waa scuttled to avold capture.

In 1982, if the Britisb naval task force now sailing southwards towarda the Falkland Islands is required to go into action against the Argentioe Navy, the scene is likely to be very different. In the interveniog forty odd years, naval warfare has been virtually revolutionised by changea in radar, in communications, in weaponry and in the use of aircraft and helicopters in a *maritime role*.

Rear Admiral John Woodward, commander of what could become a 50-ship armada, will first learn the position of an "enemy" wership from information gathered by satellite, or from a high-flying American or Britisb Nimrod reconnaissance jet aircraft. The Argentine ahip would be kept under surveillance by tbose meana, and if it was decided that the vessel should be ettacked, the weapon chosen would no longer be a gun but a missile from an ever-growing range of submarine-launcbed, ahip-to-ship or air-launcbed missiles in current neval armouries.

Down in the South Atlantic, it may be that Admiral Woodward would order the preparation for firing of one of his 20-ft-long French-built Exocet ship-to-sbip missiles. These

A mass of data which has to be computerised

weapons, on at least nine of the 16 warships in the Britisb task force, are so-called "fire-and-forget" missiles which bome in on the target after firing, thanks to a built-in radar homing bead.

Were a missile coming the other wey—for Argentina, too, has Exocet missiles, fitted on the Type 42 destroyers bought from Britain—some British warships could retaliate with Sea Wolf. This is an "anti-missile missle" so far fitted only on the two Type 22 frigates currently the force, HMS Broadsword and Brilliant.

Tbe key cbange in tbe nature of modern naval warfare is what can only be called the information explosion. The puff of smoke spotted through binoculars bas become a mass of data from an array of sensors—radio, radar, infra-red, sonar—whicb would overwhelm the mind were it not sifted by computers.

Any engagement in the Atlantic will be fought using the Navy's Action Data Antomation Weapons system. The version installed in the carrier Invincible is believed to provide the operations room deep in the ship with a three-dimensional picture of wbere the enemy is in the air, oo the surface, and underneath the sea.

The data explosion does not only concern the unseen enemy. Admiral Woodward will also benefit from, and be burdened by, Command Control and Communications, or "C-cubed" in the jargon. He will constantly know the dispositions and actions of every unit under his command. He will be in constant touch with London through the Skynet satellite communications system—and through London with the British submarines underoeath him.

And the proliferation of all these flows of information breeds its nwn form of electronic warfare—the jamming and interception of enemy communications, the use of Electronic Counter Measures to distract and confuse the enemy when he attacks.

While there is little doubt Britain's task force is as modern es can be assembled outside the super powers, how relevent is it for the tasks it may be asked to perform in the South Atlantic? And what problems will it face as it sails down into some of the rougbest sea conditions to be met anywhere?

The main purpose of the task force, as Mrs Thatcber, the Prime Minister, made clear in the Commons debate last Wednesday, is to give strength to Britain's diplomatic effort to secure the withdrawal of the Argentines from the Felkland Islands. "The bigger the force, the less likelihood that it will be used" is certainly part of the Governmeot's philosopby just now. For its part, the Ministry of Defence seems to be planning for a campaign that cold last months, not weeks.

What is the strategy? Lord

> 'The weaponry being deployed may be excessively complex for the job in hand'

Hill-Norton, Admiral of the Fleet and a former Cbief of Defence Staff (who ooce also served as Naval Attache in Argentina) believes that there will be at least three pbases. The first is the establisbment last Mooday of the Maritime Exclusion Zone (MEZ), whicb is in effect a blockade designed to make sure the Argentioe cannot supply the Falklands by sea. (South Georgia is not within the MEZ).

The second phase would be the extension of this to include an air blockade, whicb will probebly be announced wben the task force is within 500 miles of the Falklands—possibly 10 days from now. The aim of this "air exclusion zone" would be to deny Argentina's Hercules C130 transport aircraft the use of the sole airport of Port Stanley. The Defence Ministry said yesterday that it was now convinced that the 4,000 ft runway there bad not been lengthened, which most experts agree means that Argentina would not be able to use its French-built Mirage fighters to escort the Hercules in.

"In my judgment the air and sea exclusion zones could be establisbed 100 per cent without casualties to our own forces," Lord Hill-Norton said yesterday. With "iron clad defence" established round bis carriers, Admiral Woodward would then sit tight, with the Government in London hoping that a combination of Falklands blockedc, economic sanctions end continuing diplomatic pressure against Argentina itself would result in a sellllement.

If it did not, experts believe Admiral Woodward would probebly be ordered to recapture South Georgia, an operation which would, Admiral Hill-Norton believes, not be particularly difficult for the estimated 2-3,000 marine commandos with the force. South Georgia, inbospitable and sub-arctic though it is, would then provide a forward operating base with landing for helicopters and possibly for the 20-40 Harrier vertical take-off-and-landing aircraft with the force as well as anchorage for some vessels, all outside the range of Argentinian shore-based aircraft.

The recapture of South Georgia could also provide the troops with a useful exercise before the final phase — Invasion of the Falklands themselves. Obviously the Government hopes that a settlement will have been reached before that is necessary. Experts disagree on bow far the Argentines have been or will be able to reinforce the islands, whicb in turn would affect the degree of danger to life involved in their recapture.

But if the task force now sailing south is in most respects highly capable, there are also weak points. Some are of a general nature—stemming, for example, from the hugely long supply lines 8,000 miles back to Europe. Others derive from the highly sophisticated nature of the ships and their weapon systems.

The Government's concern with the supply problem—"a staff planners nightmare" as one officer put it—is already obvious from the large number of tankers and other support ships commandeered. Another considerable problem is the onset in the next two or three weeks of severe winter conditions in the South Atlantic.

The suggestion that the British force will arrive and, like Napoleon before Moscow, be ultimately defeated by the weather, is no doubt far fetched. But the South Atlantic sees some of the nastiest conditions, with heavy seas and gale force winds, often very low visibility and, around South Georgia, icebergs. Potential problems range from corrosion in ships and aircraft not conditioned for such weather to the likelihood of weather-induced delays and immobility.

Three different problems might orise as mainly a result of the sophistication of weaponry. The first is that the extreme accuracy and speed of the new missiles ironically makes them a rather blunt weapon io a blockade wbcre what might be wanted is an old-fashioned warning shot across the bows of, for example, a merchantman. Many modern warsbips bave no guns at all, and tbose that do, have automatic, rapid-firing weapons more suitable for ship defence.

A second problem involves the Swiftsure claas submarines currently enforcing the MEZ. These are the "Rolls-Royce" of the RN's submarines—fast, deep and long diving because nuclear-powered and ideal for their normal job of hunting and, if necessary, killing Russian submarines in the east and north Atlantic. They are much less happy in the relatively shallow and sonically confused waters of the continental shelf around Argentina and the Falklands. Their armament of Tigerfish torpedoes are likewise "blunt" instruments in e blockade situation.

These two examples lead on to a third, broader problem besetting military establishments almost everywhere—that of technological overkill. The wea-

'Blunt' instruments in a blockade situation

ponry being deployed by both sides around the Falklands may be excessively complex for the job in hand.

If the Argentine and British navies do fight, it will be the first time that the new weaponry, ships and communications bave ever been tested in battle—in the South Atlantic or anywhere else. While this fact alone leads to a certain ambivalence (many people, from admirals to arms salesmen, will be fascinated to see bow the new systems actually perform. It will be surprising if the wbole Falklands exercise does not strengthen the bands of those who insist that "more, cheaper, and simpler" should be tbe rule for military planners in the future.

Letters to the Editor

Nato

From Mr P. Bathurst

Sir,—The article "Nato and nuclear dependence" by Ian Davidson (April 14) was very interesting, and while it went someway to help, no one seems to have carried the ideas fer enough forward.

The major issues centred round the lack of manpower within conventional forces, and tbe high cost of both conventiooal and nuclear weaponry, hencc the cost of Trident was sited as an example.

There is a simple way round these problems, and it is a lesson which we should have learned from the Warsaw Pact countries. The basic idea we have always to remember is that Europe must stand together and not as separate entities.

What is required is a central "piggy bank" policy, rather along the lines nf the EEC budget, with of course a more amiable set of governing rules. Each European Nato partoer puts its defence budget into this piggy bank, and a Nato army is then developed. This has several advantages, notably standardisation of equipment, and making sure no overlaps occur.

Similarly, remembering still that it is Europe that is threatened, not just one country, we sbould develop a Nato nuclear deterrent. Britain is considering buying Trident at a cost estimated in excess of £6bn. Spread this cost round all tbe Nato partners and we get just as much protection for a fraction nf the cost.

The idea, as has been espoused by some, that Nato may collapse within the next few decades and hence UK needs a deterrent of its own, is not to be considered. Mankind is growing in stature every year and it is not possible to conceive of anotber European war. It is likely that over the next 50 or so years countries will grow closer as travel and TV bring people together. What is likely to happen is lhe divergence of U.S. and Europe whicb will mean that the above policy will become even more relevant.

Paul W. Bathurst.
Charnwood,
Portsmonth Road,
Hindhead, Surrey

Falklands

From the Chairperson,
Milton Keynes Peoce Compaign

Sir, — It seems to us a tragic tbing that Britain can set sail for batlle in National Peace Week. We therefore welcome the more realistic view of the Falklanda crisis which is now being taken by some members of Parliament. They are beginning to realise that islanders and possibly thousands of troops will lose their lives if we take the islands by storm.

Any military success — and there is no guarantee that it will be a success — will be accompanied by sunken ships and beavy losses among the landing forces. And the massive effort to defend the recaptured islands could never be sustained.

The economic costs of the operation — the transport costs, equipment costs, and the costs of a trade embargo—are almost enough to make millionairea of every Falklander.

We must abandon all plans for a milltary encounter and pursue energetically every opportunity for reacbing a negotiated long-term settlement through the UN.

We are told by the Foreign Secretary that "Britain does not appease dictators." Yet the Argentinian navy has several warships bought from Britain, and earlier this year Britain provided training facilities in Wales for the same navy. Until Britisb foreign policy is based on peace and justice we must expect to be at the mercy of the dictators we help to sustain.

Anne Watson.
1, Martin Close, Neath Hill
Milton Keynes, Bucks.

From Mr C. Pctrow

Sir,—There is an eminently sensible solution to the Falkland Islands problem which I commend to the attention of the interested parties es soon as the immediete crisis has been resolved. It is, quite simply, to transform the islands into an international wildlife refuge.

The Falkland Islends harbonr is one of the ricbest and most interesting concentrations of birdlife of any place in the world. Among the bundreds of thousands of birds which breed there are five species of penguin and some notable species of waterfowl, including the flying steamer-duck and the Falklands flightless steamer-duck.

The Britisb and Argentine Governments ahould be persuaded to renounce their claim to the islands, sovereignty over which would then be vested in one of the specialised agencies of the UN, which would turn the islands over to the World Wildlife Fund to administer as a widlife refuge. No change in the lifestyle of the Falkland Islanders would be necessary. They have lived in harmony with their avian neighbours up to now and there is no reason why tbey should not continue to do so. It should not be difficult to devise a statute of local self-government under which they could administer their own affairs. A programme of visits by ornithologists and bird-watchers could be an additional source of income for them.

At the sacrifice of a claim over territory which has no economic or atrategic value to either of them, Britain and Argentina would earn the admiration and gratitude of those millions of citizens of the world for wbom preservation of our natural beritage bas become a matter of paramount concern.

Chris G. Petrow.
25 St Jomes's Street, SW1

From Mr G. Moffot

Sir,—Some of your recent correspondents should be reminded that the British Empire was built by trade and it is by trade that the UK will survive and prosper. Military action will in the end only serve to damege for decades our trading prospects io Argentina and in other parts of Latin America.

The Falkland Islands were et one time used as a coaling station for the British Fleet but in 1982 the logic of Britisb sovereignty ia difficult to argue bearing in miod their remoteness from the UK and their inevitable dependence on Argentina for fuel, air services and communications, etc.

As far as the islanders themselves are concerned, any who wished to leave could be compensated generously at a fraction of the cost that a military excursion would incur.

Finally, I believe comparisons with Neville Chamberlain and Munich are not relevant to this situation and only serve to mask the real issues.

G. A. M. Moffat,
Wilmaton,
Hall Lane,
Mobberley, Cheshire.

Late

From Mr N. Smith

Sir,—When companies and their secretaries come to consider the type of underband practice described by Mr R. Adams April 8) I wonder if the plight of overseas sharebolders might also be borne in mind.

An Australian-based company gave notice of its AGM on January 29, posted the notice on February 2, held its AGM on February 25 and the notice, report, etc arrived at my bome on April 4 thus effectively disenfranchising the sharebolder. Is this a record? Would such companies consider using airmail post please.

N. F. C. Smith.
Vynes Farmhouse,
Staunton, Gloucester.

Stubs

From Mr C. Olding

Sir,—As a Lloyds Bank customer of 30 years' standing, I was interested to read the article of April 10 particularly as I bave just received one of the new cheque books.

I was not a contributor to the bank's consumer research but I have for some time felt that this new type of "stub" might bave advantages. My wife and I get through about eight cbeque books a year betwean us on our joint account and I find the traditional atubs bulky and awkwerd to store. It sbould be possible to file the new type easily with the atetement.

As for the colour and style of the new cheques, I still bave the first cheque I ever drew (in Jannary 1952) and can therefore vouch for the fact thet the bank's cbeques have remained essentially uncbanged at least since then, unlike almost every other benk. To me, colour and style are relatively unimportant but nevertheless I find the new cheques quite attractive. If they result io reduced costs to the bank and tbe bolding of charges at present levels for longer, I shall find that even more ettractive!

C. Olding.
Bishop's Green Farmhouse,
Newbury, Berkshire.

Woodworking

From the General Secretary,
Furniture, Timber and Allied Trades Union

Sir,—We are coocerned regarding the report (Building and Civil Engineering, April 5) relating to the protest of the British Woodworking Federation against prison production of doors for commercial sale.

While we fully eodorse the BWF's opposition to this practice, we regret its suggestion that prisoners sbould instead be engaged in the making of kitchen cabinet doors, on the ground that they are mostly imported. If such import-substitution is to take place, the substitute articles should be produced by non-prison labour in ordinary factory workshops.

The furniture and woodworking industries generally are io an extremely depressed state. The severe recession of 1980, was followed by a further deterioration in 1981.

We have carried nut two surveys, by means of questionnaires to our organisers, of the situation in the furniture, timber and allied industries. The first revealed that, in the first 10 months of 1980, there had been 132 factory closures, over 10,000 jobs had been lost and over 18,000 workers bad been put on short-time working. The second survey, carried out last year, indicated that there had been a further 73 closures, another 6,000 of our members made redundant and in the region of another 7,000 put on short-time working. Thia is the truly appalling situation with which we are faced.

Department of Employment figures show that between December 1979 and December 1981 employment in the timber industry fell by about 19 per cent, while the fall in furniture and upholstery was in the regioo of 21.5 per cent.

Over two years ago we made representations on this matter to the prison authorities. We also expressed our view at the 1980 Trades Union Congress, wbere we submitted a resolution on the subject. While provision of facilities for rebabilitation of offenders is to be welcomed, we deplore the production in prisons, on terms grossly inferior to those specified in relevant Industry collective agreements, of articles for sale in the commercial market.

B. Rnbner.
Fairfields,
Roe Green,
Kingsbury, NW9

Trusts

From Mr C. Donald

Sir,—Surely in his article on April 10 Tim Dickson sbould have been still more critical of certain trust managers. Had their selection of boldings been more discriminating, the trusts would be a splendid bargain to a big buyer at a discount of 25 per cent or even much less. For some years now these managers have had every encouragement to improve their performance. Not baving done so, their only fair and reasonable course would seem to be to offer their shareholders liquidation, enabling them to re-invest in something more rewarding.

C. R. C. Donald.
55 Geraldine Road,
Malvern, Worcs.

Patrick Cockburn, in Jerusalem, reports on the growing uproar in Israel's largest occupied territory

The political vacuum on the West Bank

"WITH ALL these simmering crises, something is bound to go pop," a diplomat said gloomily in Tel Aviv last week. "There are a host of nasty possibilities all waiting to happen." He was referring to the Palestinian unrest on the West Bank, last-minute Israeli hesitations over withdrawal from Sinai, and Prime Minister Menahem Begio's oft-repeated threat to invade southern Lebanon.

In the event, the unexpected happened. Early on Easter Sunday morning, an Israeli soldier of American origin, named Alan Goodman, burst through a gate on Temple Mount in Jerusalem. He cut down the police and guards with a few bursts from his M-16 automatic rifle, and ran to the Dome of the Rock Mosque, the third holiest shrine in Islam, where he killed a guard trying to close the door. By the time Goodman ran out of ammunition and was arrested by Israeli soldiers, Moslems were pouring from their close-packed houses in the Old City of Jerusalem to protect their shrines on Temple Mount, where traditionally only Moslems are alowed to worship. A bloody riot followed.

In a few moments' shooting, Goodman had provided a simple focus for all the resentment felt by Palestinians against Israelis and Moslems against Jews. Perhaps he intended to do just this, and, if so, he succeeded.

On Easter Monday, a seven-day strike started in Jerusalem, and the occupied territories of the West Bank and Gaza. Of the tens of thousands of pilgrims and tourists in Jerusalem for Easter and the Passover, only a few of the hardier dared walk the narrow alleyways of the Old City crowded behind its medieval wall. Two days later, much of the Moslem world responded to a call for a solidarity strike from King Khaled of Saudi Arabia. Something, in the words of the diplomat, had gone pop.

For Arabs, the attack on their holiest shrine symobolises what they see as their vulnerability to Israeli attack and their impotence to do anything about it. The local Moslem leadership in Jerusalem denounced the assault as the fruit of a conspiracy by extreme Zionists.

The Israeli Government sees the attack in more mundane terms. It says it was the work of a sinle, deranged individual, a tragic episode now concluded. It compares the shooting with the attempt to assassinate the Pope last year, or the takeover of the main mosque in Mecca by Moslem extremists in 1979. Mr Begin believes that Arab leaders at home and abroad are simply trying to make political mileage out of a lone gunman.

But the Easter morning shootout is likely to have much more long-term effects. It came at a time when the 1.1m Palestinians on the West Bank and in the Gaza Strip were already in uproar. The gut religious issue of defence of the holy Moslem shrines cements the unity of radical and conservative Paestinians and provides a focus for their resentment. In many villages, young demonstrators now shout: "Allah Akhbar"—"God is great"—rather than "Palestine is Arab," or aimilar nationalistic slogans.

Since Mr Menahem Begin came to power as a right-wing Prime Minister in 1977, the Palestinians have felt under increasing threat. Most members of his ruling coalition are committee to retaining absolute control of the West Bank—officially called Judea and Samaria—and Gaza. This is not merely as a *cordon sanitaire* against attack from bostile Arab states, but because they see the area as part of the historic land of Israel.

Since 1977 the number of Israeli settlements has been stepped up with strong encouragement from Mr Ariel Sharon, Agriculture Minister up to 1981 and now Defence Minister. By the end of this summer there are scheduled to be 30,000 settlers in 102 settlements scattered along the Jordan Valley and the steep range of hills which aeparate it from the Mediterranean. It is the settlement policy more than anything else which bas increased Palestinian militancy. Many fear that they will ultimately be expelled. By 1985 the plan is to increase the number of settlers to 100,000, in a not very large area. The whole of the West Bank takes only a few hours to drive from north to south, and is only about the same size af Luxembourg.

Mr Menahem Begin: determined to crush the PLO

Some of the new settlements will be urban dormitories for Israelis working in the main cities, such as Tel Aviv and Jerusalem. Others are agricultural settlements, particularly in the Jordan Valley itself, where Palestinians say that half the cultivatable land is now owned by Israelis. They also consume aome one-third of the underground water resources, which are almost as important as land ownership for productive farming.

Driving through the West Bank at night, it is easy to understand Palestinian fears. Necklaces of light from Israeli settlements crown the hills, crowding around Palestinian towns, like campfires around besieged cities. The Palestinians complain that their best land is being progressively confiscated for settlements. The reason given by the authorities is that it is stateland, is not properly registered, or is needed for military reasons.

Around the Arab town of Hebron, 24 miles south of Jerusalem, the settlement of Kiryat Arba was one of the first to be established. Its gaunt blocks overlook Hebron itself, where Abraham and the Patriarchs are buried, and in 12 years its population has grown to 700 families and 5,000 people. A further settlement is planned on a bleak hilltop nearby, which a local resident pointed out was not used by local Arabs. But the road to be constructed between the two will run through rich agricultural land owned by two notable local Arab families.

Many of thesettlers live on the West Bank because it is easier, and usually cheaper, for an Israeli to get an apartment there than within Israel proper. Easy-term grants and loans are available. The Government may have spent up to $600m in settlement bousing and infrastructure over the last five years.

But it is the fanatical Zionists among the settlers who most frighten the Palestinians. Almost all the settlers carry arms, either the traditional Uzi sub-machine gun, or pitols, and over the past few months they have been increasingly to the fore in qualling Palestinian demonstrations. Diplomats believe that these ragtag vigilantes form one of the greatest threats for widespread communal violence.

The settlements also appear to doom any prospect Mr Begin's Government might have of encouraging a local Palestioian leadership which is not sympathetic to the Palestine Liberation Organisation. This probably never had much chance of success. A recent opinion poll, taken by a political scientist at Nablus University, showed 66 per cent of Palestinians in the occupied territories accept the PLO as their sole legitimate representative. While local conditioos are hardly conducive to scientific accuracy, this survey is probably correct.

Yet, the new civil administration of the West Bank, established in December last year to replace the military government which ruled the area since 1967, is trying to create ao alternative leadership. This is to be done by judicious use of patronage and funds to the Village Leagues, shadowy local organisations on the West Bank, whose Palestinian membership is prepared to co-operate with the Israelis aod is hostile to the PLO.

The hope of Professor Menahem Milson, the new civil administrator of the West Bank, is that the leagues can be built up to replace the existing municipal organisation, which he sees as being under the control of PLO representatives elected in 1976. To this end, three of the most prominent West Baok mayors, including Mr Bassam Shaka of Nablus, the largest West Bank town, were dismissed last month. The reaction was two weeks of rioting, which left eight dead.

Overall, the situation in Jerusalem and the occupied territories now looks much worse than at any time since 1967. Demonstrations and strikes have spread to small villages previously passive.

"The solution in the area must be political and not military," said Gen Uri Orr, commander of the troops on the West Bank, earlier this week. "I can enforce order for a month or two, or half a year—no more—if this isn't accompanied by political processes."

But there are few signs that Mr Begio's Government has any realistic political solution in mind for the problems of the occupied territories. He is determined to prevent the creation of a Palestinian state and to try to crush the PLO at home and abroad. The result is that the lack of a coherent policy towards the Arabs under Israeli control leads to extremists filling the political vacuum.

This is particularly dangerous since Palestinians tend to see the hidden hand of the Israeli Governmeot controlling the actions of extremist settlers aod their mentors. Similarly, Mr Begin and his Goveroment see the West Bank mayors and the local Palestinian leadership as being uoder the control of the PLO.

This increases the temptation for Mr Begin to seek to resolve the political difficulties on the West Bank by a military strike at PLO bases in southern Lebanon and Beirut. As a former guerrilla commander, he tends to think of politics in terms of sudden forays, surprise attacks, military or political, against his enemies, wherever they may be. But it is doubtful if a military claoipdown on Palestinians at home or an attack on the PLO in Lebaooo would achieve very much. A political solution would still be needed. But so long as the present vacuum of policy cootinues, the opportunity is there for relations between Israelis aod Palestimaos to be determined by a looe, demented guoman, like Alan Goodman.

Muted Egyptian response in run up to Sinai handover

EGYPT IS determined that the current West Bank turmoil should not be allowed to affect the return by Israel of the final portion of Sinai on April 25. Although Egypt has deplored the violence and regretted Israel's unwillingness to make conciliatory gestures to the Palestinians living under occupation, it has been careful not to threaten or imply there will be any radical change of policy affecting the peace treaty after the Sinai handover.

Mr Walter Stoessel, the American Deputy Secretary of State, has been visiting Jerusalem and Cairo this week to help both sides resolve remaining problems and as a demonstration of U.S. commitment to the terms of the peace treaty.

But after April 25 most bets are off. President Hosni Mubarak of Egypt appears to aee little point in continuing the unproductive talks on Palestinian autonomy for the West Bank and Gaza.

The Americans, who also suspect that Camp David has run its conrse, have yet to suggest any alternative form of diplomatic machinery. More extreme Israelis may therefore argue that the time is ripe for the West Bank to be incorporated formally into Israel proper.

Whether that happens may depend greatly on the assessments which are being made of President Mnbarak and his Government. He undoubtedly wishes to rebuild bridges with more moderate Arab regimes and some of his key advisers have strong Palestinian sympathies.

But he will not wish to take any precipiate policy decisions or to risk confrontation with Israel. The real test for Mr Mnbarak and the durability of the peace treaty seems at the moment most likely to be posed by what happens over the coming months in the West Bank.

Roger Matthews

Weekend Brief

An effective U.S. weapon for nuclear disarmers?

U.S. publishers seem to find Armageddon attractive. A year or so ago, their lists were full of books about an iminent financial collapse. Today, they are concentrating on a grimmer type of holocaust. Aboot 40 books oo nuclear issues are expected to hit the bookshops in the coming months — a remarkable tribute to the surge of concern about nuclear warfare which is currently under way in the U.S.

The titles range from the cute *Nuclear War: What's in it for You?* To the portentous *Radiation and Human Health.* But one already stands out above the others as a potential best seller. Jonathan Schell's *The Fate of the Earth* has picked up an extraordinary volume of publicity for a book which is not officially due to be published by Alfred A. Knopf until the end of the month. As a result, the initial print run has been extended to 75,000 copies; the Book of the Month Club has decided to offer it to its 1m plus members at cost ($2.25); and foreign publishers have been falling over themselves to pick up the rights. It is scheduled to be published in Britain simultaneously by Cape and Pan in early June — which just happens to be the time when the UN debate on nuclear disarmament is expected to be under way.

Originally published in the New Yorker magazine earlier this year, Schell's book is a powerful blend of science, moral philosophy, and undiluted emotion. The Wall Street Journal, which has strong views on these matters, said it was nonsense. But most of the other early reviews have ranged from the reverent to the ecstatic. The publishers, with a due sense of modesty, suggest that it "may someday be looked back upon as a crucial event in the history of human thought."

The Fate of the Earth is divided into three long sections. The first gives a terrifyingly vivid picture of the potential impact of a nuclear holocaust, and suggests that there is at least a chance it would end in the extinction of the human species. The second tackles a number of fundamental questions which are raised by the possibility that the living can stop future generations from entering into life. The third concludes that only by taking positive efforts to forestall nuclear warfare can we avoid sinking into a kind of lethargy, which must end in disaster.

Schell has aimed the book directly at those readers who would prefer not to think about the possibilities. It could prove an effective weapon in the hands of nuclear disarmers everywhere.

Horse sponsors jnmp up-market

Among the many thousands who will flock into the Duke of Beaufort's beautiful park at Badminton in Gloucestershire this weekend for the annual Three-Day Event Horse Trial championships, few will notice—unless they read their programmes carefully — that a significant new trend is emerging in this branch of equestrianism. It is commercial sponsorship.

Out of more than 100 horses originally entered for this premier event in the British Horse Trials calendar (the number of runners this weekend has been whittled down to 79), no less than 31 are sponsored by commercial and industrial organisations.

While show-jumping, with its extensive TV coverage, has had commercial sponsorship for years (Sanyo, Everest Double Glazing and the Norwich Union Insurance group spring to mind out of acores), it is only comparatively recently that it has spread into Three-Day Eventing, the up-market end of equestrianism.

The Midland Bank has been for a long time the great patron of this branch of riding in Britain, sponsoring with cash prizes and other financial help over 100 specific events throughout the country this year alone.

But what is now happening is that commercial companies are moving in to sponsor individual horses and riders, and the trend is accelerating. The sums involved are rarely disclosed, being privately agreed between sponsors and riders. But for a three-year deal, covering two or three horses, it can amount to as much as £100,000, although in practice most arrangements are for much smaller sums. The horse is entered for an event under the sponsor's name as owner, and the rider is belped considerably with the heavy burden of costs, but there is no question of any personal income being derived by the rider from such sponsorship.

Lucinda Green (née Prior-Palmer) takes a plunge last August. Although the jump carries a Midland Bank logo, her horse is sponsored by Overseas Containers

Ruoning a Three-Day Event horse can be expensive, costing several thousand pounds for a top-class performer if feeding, stabling, equipment, farriers' and vets' bills and transport costs (especially to overseas events) are all taken into account.

Sponsorship benefits both sides—the riders being relieved of financial worry and left free to concentrate on riding and, they hope, winning, and the sponsors gaining much publicity, especially with top-class riders and horses who win national and international honours. There can be few who have not heard already of Overseas Containers' sponsorship of Lucinda Green (née Prior-Palmer), with such horses as Beagle Bay and Village Gossip; and Range Rover's sponsorship of Captain Mark Phillips with Classic Lines and other mounts.

Many others can be mentioned, including British National Insurance, Planters Nuts and Preci-Spark, and the list seems likely to grow, as costs continue to rise inexorably. Most sports are under heavy financial pressures, and Three-Day Eventing is no exception. Commercial sponsorship is a welcome means of relief

Penguins in danger of being picked nff

More than 4m penguins on two privately owned islands in the Falklands—described by their owner in the Cotswolds as a unique wildlife sanctuary—are at risk from military operations in the area and in the long term could possibly be slaughtered for commercial purposes.

Grand Jason and Steeple Jason Islands, on the north-west tip of the Falklands group, were purchased for £5,500 in 1970 by Mr Leonard Hill who also founded the well known Birdland wildlife park at Bourton-on-the-water in Gloucestershire. Mr Hill died at the age of 70 in December on a flight returning from the Falklands.

The ownership of the islands passed to his son, Mr Richard Hill, and in accordance with his father's wishes, the deeds to the Jasons have been handed over to the Jason Islands Trust, set up with the backing of the naturalist Sir Peter Scott.

Mr Hill's immediate fears are that naval action in the area would almost certainly lead to oil pollution which could destroy much of the penguin and wildlife population. In addition, the strategic position of the islands could result in landing there or their use for a radar station.

He is also concerned about the activities of a private Argentinian company, Honode Penguins SA, which is reported to have killed large quantities of penguins in Patagonia for export of skins and meat to Japan. It is also understood that this company is seeking to have the Argentinian laws covering penguin killing relaxed further, which in the long term could threaten the Jasons colony, which has increased rapidly since sheep were removed from the islands in 1970.

Mr Hill believes that if the Argentinians retain control of the Falklands, the private ownership of the Jasons would be respected, but he is also aware of the possibility that it might not.

Mr Hill hopes to visit the islands for the first time in November to scatter his father's ashes, as he had requested. He will also take from Birdland to the Jasons the first Black Browed Albatross known to have been bred in captivity.

The bird was artificially hatched at Birdland recently from an egg brought from an unattended nest by his 15-year-old son Michael, who was travelling on the same flight as Mr Leonard Hill when he died.

The family have a strong attachment to the islands, and Mr Hill is critical of their "neglect" by the British Government.

Mr Hill said: "As a wildlife conservationist, I am acutely aware of the dangers which threaten this wonderful archipelago. It is not just the profusion of penguins, albatrosses and wild geese, nor the warm hospitality of the people.

"The sheltered inlets and rugged coastline, the dramatic wrecks, the bright sunshine and keen winds, all combine to make the Falklands what they are and to make them eminently worthy of our attention."

Contributors:
Richard Lambert
Michael Donne
Lorne Barling

Economic Diary

TOMORROW: Department for National Savings' monthly progress report for March.

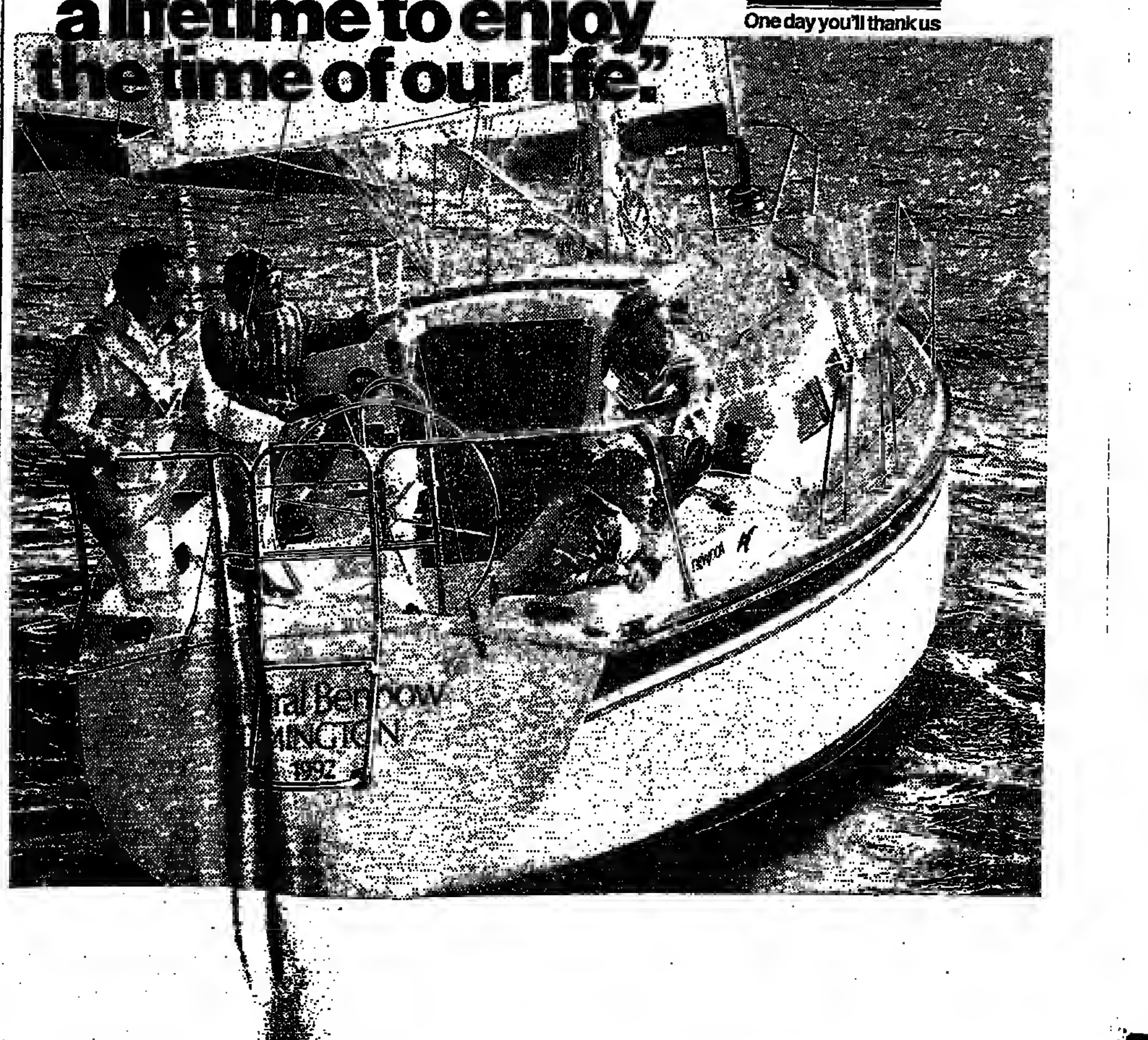
MONDAY: Provisional retail sales figures for March. Industrial and commercial companies capital account and net borrowing requirement for fourth quarter. The Houses of Parliament reconvene. Europeao Parliament starts five-day session in Strasbourg. M Gastoo Thorn, President of the EEC, meets Mr Francis Pym, Foreign Secretary, in London to discuss EEC hudget. Western banks discuss rescheduling of Romanian debt in New York. NUS meets Sealink and BR.

TUESDAY: EEC Agriculture Mioisters start three-day meeting in Luxembourg oo price proposals. Spain expected to lift blockade oo Gibraltar. Timetable motion in Commoos on the Employment Bill.

WEDNESDAY: Cyclical iodicators for the UK ecooomy for March. Indices of average earnings for February. Indices of basic rates of wages in March. Publication of the Queen's awards for export and technology. Mr Francis Pym, Foreign Secretary, atteods Easter banquet at Maosion House. Commons debates Government expenditure plans White Paper. U.S. issues first quarter GNP. The Henley Centre for Forecasting conference on "Exchange Rates in the Eighties" at the London Press Centre.

THURSDAY: New construction orders for February. Preliminary estimate of consumers' expenditure for first quarter. Public sector borrowing requirement and details of local authority borrowing in first quarter. Sir Geoffrey Howe, Chancellor of the Exchequer, speaks on budget and business opportunities at Sandowo Park Racecourse. Malaysial geoeral election. NAFF 1982 annual confereoce in Bournemouth (until April 25). International Ideal Homes exhibition opens at the NEC, Birmiogham (until May 3).

FRIDAY: Retail prices iodex for March. Tax and price index for March. New vehicle registrations for March. Sales and orders in the eogineering iodustries in January.



Linread fails to sustain recovery

TAXABLE PROFITS of Linread for the first half to January 30 1982 of £150,000, compared with losses of £242,000, have not maintained the surplus of £329,000 earned in the previous second six months.

And with earnings per 25p share of this cold forged fastener maker given as 2.03p (5.84p losses) the interim dividend is again being missed. Last year a final of 1p net was paid.

Mr A. H. Lynall, chairman, says the outlook for the second half looks varied, with some improvement at the Canadian subsidiary and at Fabco, but he says that unless the economy improves this will be more than offset by the commercial and aircraft fasteners divisions.

Last year's second half profits were not maintained because of reduced demand in the UK in the group's aircraft and Fabco activities. Also its Canadian subsidiary had a disastrous first half, losing £85,000, following a rapid decline in the North American economy.

On the commercial side, there was a further reduction in losses although demand remained at the depressed level of the previous year. A major steel price increase implemented by the group's suppliers in January and other cost increases will reduce the commercial division's margins in the second half. As there is no sign of any pick up in demand, this division's performance will deteriorate in the second half, Mr Lynall adds.

Taxable profits were struck after interest payable of £129,000 (£235,000), depreciation £218,000 (£233,000) and exceptional expenses of £75,000 (£70,000)—for a full provision against debts due from De Lorean.

Tax, consisting entirely of overseas charges, took £9,000 (£39,000) and after extraordinary debits of £140,000 (nil) for the loss on the sale of Linfast, and minorities, less tax, of £32,000 (same), the attributable figure emerged as a deficit of £31,000 (£313,000).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Brit. Empire Secs. int.	0.2	May 17	0.2...	—	0.85
Horace Cory	0.7	June 8	0.7	1.1	1.1
Arthur Henriques	1.2	—	1.2	1.5	1.5
Linread ...int.	Nil	—	Nil	—	1

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock.

Downturn at Horace Cory

SECOND HALF pre-tax pr[illegible] at Horace Cory, chemical co[illegible] manufacturer, dropped [illegible] £133,000 to £121,000, and fi[illegible] for 1981 as a whole fell [illegible] £311,277 to £206,169. Alth[illegible] the final dividend is unch[illegible] at 0.7p, the year's total i[illegible] from 1.3p to 1.1p.

Turnover increased sl[illegible] from £2.38m to £2.46m, bu[illegible] ing profits dipped from £[illegible] to £170,609. The pre-tax [illegible] was struck after i[illegible] receivable of £35,560 [illegible] £52,546. After tax of [illegible] (£49,802), stated earnings [illegible] share were lower at 2.02p [illegible]

The company's long le[illegible] property has been reva[illegible] £1.2m, and the surplus [illegible] valuation of £778,824 h[illegible] taken to reserves.

Samuel Montagu raises $60m

Samuel Montagu, the London accepting house owned by Midland Bank, has increased its capital base substantially through the issue of a $60m seven-year floating rate note issue. It is believed to be the largest single issue for a London merchant bank.

Unlike the other large accepting houses, Samuel Montagu has only a small amount of loan capital on its balance sheet, and the new capital will enable it to increase its balance sheet size considerably. At the end of 1981, it had disclosed capital and reserves of £65.7m, loans of £6.3m and total assets of £2.04bn.

The bank has also transferred the majority of its shareholdings in subsidiary companies to a new holding company, Samuel Montagu & Co. (Holdings) Ltd., which is now the parent company for the group.

Mr Staffan Gadd, the chairman of Samuel Montagu, says in the bank's annual statement for 1981 that the transfer was made to achieve a "more rational structure" for the group. Together with the extra capital, the effect of the transactions is to "meet more fully the growth which is planned over the next few years."

In the year ending December 31 1981, Samuel Montagu's disclosed profits after transfer to inner reserves rose by 20 per cent to £6m. The bank's balance sheet rose by 18.4 per cent to £2.04bn, loans and advances rose by 52 per cent to £462.5m and acceptances grew by 53 per cent to £221.8m.

Mr Gadd says in his annual statement that despite the absence of the quite exceptional bullion profits earned in 1980 and the pressure of increasing costs, the profits for 1981 were once more very satisfactory, with increased contributions to group profits being made by all parts of the group. Guyerzeller Zurmont Bank's contribution is singled out for special mention.

Mr Gadd says that "the immediate aims of the Samuel Montagu Group are to intensify the drive already initiated to develop business across a broad front, particularly internationally."

The group plans to expand its Far Eastern operations with a full range of merchant banking services in Singapore and Hong Kong.

Swan Hunt[illegible] liquidators[illegible] final divid[illegible]

The joint liquidato[illegible] Swan Hunter Group, the sh[illegible]ring, broking concern, [illegible]rday announced the four[illegible] final distribution of 2.477[illegible] share to be paid about Ma[illegible]

The total paid du[illegible]e four distributions whic[illegible]n io April 1979 after [illegible]mpany went into voluntar[illegible]idation will be 150.4776p [illegible]re. The register will finall[illegible]osed on April 23.

The original e[illegible] of the total to be distrib[illegible]n shareholders after the[illegible]al reconstruction at the [illegible] 1978 was between 130p and [illegible]per share.

UniChem has 30% increase in turnover

An increase in turnover of more than 30 per cent for the first quarter of 1982 is reported by UniChem the UK's largest pharmaceutical wholesaler.

Commenting on the figures, Mr Peter Dodd, managing director, says the increase was achieved through UniChem's existing 12-branch network. "The closure of Sangers' branches has, obviously, had some effect, but only during the last month. The full effects will not be felt until their clearance sales have worked their way through the system," he adds.

Henriques at £150,000

AFTER A fall from second half taxable profits of £60,000 to losses of £28,000 clothing manufacturer Arthur Henriques finished 1981 with a surplus of £36,000 compared with £137,000. The year's turnover advanced from £4.05m to £4.39m.

Earnings per 10p share are stated lower at 1.18p (2.42p), but the total dividend is being maintained at 1.5p net with a same again final of 1.2p. The directors say that they intend to move to a more equal distribution in future.

They say first quarter sales and profits of the current year are well ahead, and barring unforeseen circumstances, and subject to continuing recession, they expect 1982 to be up on 1981. Provided profits show sufficient improvement, they hope to recommend an increased dividend.

The group's production is now concentrated at its main premises. It has a new London showroom and is extending its existing mail order outlets to major retail stores.

The year under review ended with cash resources of £600,000 and the directors hope to use this financial strength in vigorous expansion by acquisition.

There was a tax credit of £11,000 (£40,000 charge) and an extraordinary debit of £11,000 (£32,000). Net assets per share are given as 26.39p (26.98p) and property and cash value per share at 20.26p (23.64p).

London [illegible] Strathc[illegible] at £118,9[illegible]

Net revenu[illegible]lable of the London and [illegible]clyde Trust fell from £16[illegible] to £118,962 in the half yea[illegible] February 28 1982, on low[illegible] gross revenues from dividen[illegible]d interest of £365,698 comp[illegible] with £423,849.

The earnin[illegible]r 25p share of this investm[illegible]rust are stated at 0.55p (1.1[illegible]) and as reported on March 10 [illegible] interim dividend is being he[illegible] 0.5p net. Last year a total [illegible]n was paid. Net assets per [illegible] after deducting prior charg[illegible]ar are given as 84.9p (97.0p[illegible] August 31 1981).

London a[illegible] Strathclyde partly repaid its [illegible] currency US$2m loan on Fe[illegible]y 11 1982 and the current [illegible]ility is $1.5m (£851,000 [illegible]rent rates). Tax took £78,0[illegible] (£100,463).

Andre de Brett set for USM

André de Brett, a mail-order business specialising in the sale of outsize clothing to women, is coming to the Unlisted Securities Market this month.

A placing of 25 per cent of the company's shares has been undertaken by Vickers da Costa at 60p per 10p share. Dealings in the shares are expected to start on April 23.

Full details and comment will appear on Monday.

OIS plans £2m placing

Oilfield Inspection Services (OIS) is planning to join the Unlisted Securities Market this spring following a placing of around £2m by stockbrokers Phillips and Drew. The issue is likely to value the company at around £10m and raise fresh capital for OIS as well as money for existing shareholders.

The company was formed by the present management ten years ago to provide specialist inspection and testing services for the oil and gas industries.

This week, for example, OIS announced a major contract worth over £750,000 with McDermott International, of the U.S., to inspect, by internal and external X-ray, the pipe welding operations of the contractors' work in the North Sea, Malaysia and the Middle East. The contract, lasting a year, will cover over 300 miles of pipe.

Initially OIS concentrated its operations in the North Sea. However, this concentration led to losses of £195,000 in 1979 when a "price war" developed in the service sector. For OIS the competitive pressures were compounded by the costs of establishing itself in other areas, in particular the Middle East.

Last year OIS produced a profit of 1,035,000 from turnover of £10,419,000.

The present shareholding structure is that the management holds 35 per cent, Industrial and Commercial Finance Corporation 27 per cent and East of Scotland Onshore, which got a full Stock Exchange listing last year, 29 per cent. Employees and "friends" of the company hold the balance.

The placing is likely to include some shares from all the existing holders. New money for the company will be used to finance working capital and further expansion.

DUNLOP IN FRANCE

Dunlop's hose division has formed a new subsidiary in France, Dunlop Caoutchouc Industrial Sarl, to expand its production and distribution facilities. The product range of the new subsidiary will include hydraulic hose, anti-vibration units, industrial tyres, automotive components and a range of rubber products.

SIDC[illegible] BUILDERS

A c[illegible]lsory winding-up order, m[illegible]n March 22, against Sidcup [illegible]lders has been rescinde[illegible] the High Court.

BIDS AND DEALS

[illegible]efuge Assce. buying [illegible]nvestments for £13.8m

[illegible]RIC SHORT

[illegible]ge Assurance is making [illegible]reed £13.8m bid to acquire [illegible]346,000 ordinary and 540,000 [illegible]rence shares of General and [illegible]ercial Investment Trust.

[illegible]e offer for the ordinary is [illegible]ned to give shareholders the [illegible]asset value of their holdings [illegible] the date the offer goes [illegible]onditional as a mix of Refuge [illegible]nary shares plus cash.

[illegible]erms of the offer are that for [illegible]ry five ordinary shares held [illegible]nd C shareholders will receive [illegible]r Refuge shares plus a cash [illegible]rmula providing the balance of [illegible]e net asset value assuming a [illegible]rice of 207p for each Refuge [illegible]hare.

The 4,276,000 new Refuge shares are being issued at 207p underwritten by Charterhouse Japhet. Refuge's financial adviser.

Shareholders have an alternative to take cash for their shares equivalent to the net asset value on the first closing date of the offer.

The new Refuge shares will not rank for the final dividend of 10p net in respect of 1981. G and C shareholders will retain a second interim dividend of 6.35p net, now announced.

Each G and C preference share will receive 125p in cash, the amount that would be received on liquidation.

Holders of the 4 per cent perpetual stock will be asked to approve proposals to redeem the stock at par, together with accrued interest to the date of redemption.

G and C is an investment trust with funds currently valued at around £13m — net asset value 245p per share—with 75 per cent of the portfolio in UK equities and most of the rest in the U.S.

Refuge is a home service insurance company transacting mainly industrial and ordinary life business, with personal line general business, through a network of offices and home service agents in the UK and Northern Ireland.

It commenced unit-linked life business through a wholly-owned subsidiary in May of last year. Life premiums in 1981 totalled £76m, general premiums £10.7m and unit-linked life premiums £2m. Life funds at the end of 1981 totalled £457m.

Refuge is making the acquisition in order to obtain a portfolio of investments for its life, general and shareholders funds. It expects to retain about 75 per cent of the G and C listed portfolio in its funds. The cash for the offer of around £4.2m is being put up by the life funds, which will be reimbursed by shares from G and C.

The remainder of the assets will increase the capital and free reserves of Refuge, thereby enabling it to expand its unit-linked business and write an increasing volume of general insurance business. It will also give greater flexibility to its investment policy.

Irrevocable undertakings to accept the offer have been given by four investment trusts holding shares in G and C amounting to 18.34 per cent of the equity.

The shares of G and C rose 16p to 240p on the news after touching 250p, but Refuge dropped 8p to 220p.

Charterhouse Japhet will post the formal offer documents as soon as possible.

TVW gets non-voting acceptance

Shareholders of Associated Communications Corporation, the entertainments conglomerate, have accepted an offer of 110p per share from business interests of Mr Robert Holmes à Court in respect of more than 90 per cent of their non-voting shares.

TVW Enterprises, the television company headed by Mr Holmes à Court, has made a two-tier bid for ACC, the highest offer worth 110p per non-voting share and the lowest offer worth 95p per share.

Before shareholders can receive the higher offer, acceptances have to be received amounting to 90 per cent of both the non-voting and voting shares of ACC. But as yet, while the Australian has received 90 per cent of the non-voting shares, he has received 88.75 per cent of the crucial voting shares.

TVW, by the close of business on April 15, had received acceptances from 88.76 per cent of holders of 133.138 ordinary voting shares and 22,022,431 non-voting shares, or 90.01 per cent of the stock units for its higher offer.

It received 19,937,353 stock unit acceptances for its lower offer.

Voting shareholders will receive a price related to a formula established under ACC's articles of association.

The TVW offers are now unconditional as to acceptances. But both the ordinary share offer and the number 2 offer remain conditional upon TVW becoming entitled to be registered as the holder of more than 50 per cent of the ordinary shares. The number 1 offer remains conditional upon TVW obtaining not less than 90 per cent of the ordinary issue shares.

TVW has extended the offer period to 3.30 pm on April 30.

The Office of Fair Trading has indicated that the Government does not intend to refer the ACC acquisition to the Monopolies and Mergers Commission.

The offers all remain conditional upon the approval of the Independent Broadcasting Authority.

Progress in Exco/WICO bid

BY JOHN MOORE, CITY CORRESPONDENT

Exco International, the holding company for money brokers Astley and Pearce and Godsell, yesterday held a "completion meeting" to thrash out outstanding issues on its proposed purchase of the Far Eastern stockbroking operations of Carr Sebag.

It is understood that most of the outstanding points relating to the £4.5m deal have been resolved and that Exco shareholders will be receiving a circular, containing an accountants report on the proposed acquisition, to be dispatched in the first week of May. Shareholders of Exco will be considering the deal at an extraordinary meeting.

Under the proposed deal Exco and the partners of W. I. Carr, Sons and Co. (Overseas) (WICO) have reached agreement whereby Exco will acquire a 75 per cent stake in WICO, a Hong Kong based stock broking business which forms part of Carr Sebag.

The remaining 25 per cent in WICO will continue to be held by its senior executives, but these interests may, at the option of the holders, be sold to Exco in 1985 and subsequent years on the basis of a formula reflecting future profitability. The profits—after Hong Kong tax—of WICO for the year ending March 31 1981 was about £1.25m.

The deal was announced in February and has taken longer than expected to complete.

One of the factors in the delay has been the time to gain licenses from the Department of Trade for the dealers and the company to operate once the change of management and structure is completed.

A principal's licence for WICO has been gained from the Department of Trade and dealer's licences are beginning to be granted.

Exco is awaiting the completion of an accountants report—being prepared by Peat Marwick and Mitchell—into WICO. It will be examining the latest trading picture in the just completed financial year.

The deal could be completed by the end of May.

Both Exco and Carr Sebag have described the deal as being extremely complex as WICO moves out of the orbit of a partnership into control by a public limited company.

Until the deal is completed the proceeds of the sale are lodged in an escrow account with Carr Sebag receiving interest.

Carr Sebag has been reassessing its role in stockbroking for some time and it decided to sell WICO after exploring the possibility of setting up a Hong Kong based holding company jointly controlled by Carr Sebag and WICO.

In London there has been speculation that following the completion of the Exco deal there will be partnership changes at the existing Carr Sebag operations. But no immediate changes are thought likely to be announced.

Meanwhile, the new Carr Sebag partnership which was expected to be formed on April 18 has been delayed.

Antofagasta proposes group reorganisation

The directors of the Antofagasta (Chili) and Bolivia Railway Company are proposing to re-organise the group. This involves the exchange of the ordinary and preference shares in the company for shares in a new holding company—on a one-for-one basis. The new company will be known as Antofagasta Holdings.

The proposal requires court and shareholder approval — the latter to be sought at various meetings, including the AGM on May 24.

Antofagasta—through its subsidiary Andes Trust—has made a number of investments during the past 18 months. The most notable was the purchase of a 10 per cent holding in Banco O'Higgins. These purchases together with an intention by the directors to broaden the company's base are the reasons for the re-organisation.

SHEAFBANK

The name of Wilson Peck has been changed to Sheafbank Property Trust.

BRITISH LAND/ GROWTH REALTY

British Land, the property company, has completed its purchase of 1m shares of Growth Realty Companies and has acquired in addition $9.2m of secured subordinated notes due April 15 1988 which are convertible into $3 Growth shares and also five year warrants to buy 1.6m shares at $3 a share. British Land has paid a total of $12.3m for the securities in Growth, including $3.1m for the 1m shares.

Growth also said it has entered into a new five year credit agreement with its bank to restructure $23.5m debt and redeem $6.1m 6.75 per cent subordinated debentures. British Land will take control of the Growth board with five directors out of nine.

Redland deal protects interests in LASMO

REDLAND, the roofing tiles, aggregates and clay brick group, is making an agreed offer for Cawoods Holdings. The terms are 300 Redland ordinary shares and, subject to adjustment, 27 ordinary shares in LASMO for every 200 shares in Cawoods, the fuel distribution and building materials group.

One of Cawoods' principal assets is a 9.1 per cent holding in LASMO and the deal has been structured so as to enable Cawoods' shareholders to retain their effective interest in the oil and gas exploration and production company.

The LASMO share element of the bid is to be adjusted to compensate Redland for any additional capital gains tax liability resulting from an increase in the LASMO share price.

The 6.6m shares in LASMO to be allocated to Cawoods' shareholders will be reduced on the basis of a fixed formula if the energy group's share price on the day when the offer becomes fully unconditional is higher than 330p per share.

Morgan Grenfell, the merchant bank which is advising Redland, will provide a partial cash alternative by which Cawoods' ordinary shareholders may elect to receive cash in respect of up to half their entitlement to Redland shares at 150p per Redland share. The alternative will remain open only until the first closing date of the offer and will only operate if the bid becomes unconditional.

Morgan Grenfell and Baring Brothers, the merchant bank advising Cawoods, are jointly putting up a cash alternative to the LASMO element of the offer. The banks are providing 290p in cash in respect of all or part of Cawoods' shareholders' entitlement to receive LASMO shares. The same conditions apply.

A 50p cash offer is to be made for each Cawoods 3.15 per cent cumulative preference stock unit of £1.

In addition to an allocation of 6.6m LASMO shares, full implementation of the ordinary offer will involve the issue of about 73m Redland ordinary shares, representing 37 per cent of the enlarged ordinary share capital.

Redland estimates that, subject to audit, profits before tax in the year to March 31 last fell from £46.8m to about £43m. Cawoods calculates that its pre-tax profits for the year to March 31 1982 rose from £13.5m to over £16.4m.

Shareholders in Cawoods will not be entitled to receive Redland's maintained final dividend of 4.67p net per share, or the 6p net per share LASMO final dividend. Instead, Cawoods is to declare and pay a special second interim dividend of 7.8p per share.

Based on a Redland price of 161p, down 14p yesterday, and a LASMO price of 312p, down 11p, each Cawoods share is valued at 283.62p against a closing price of 280p.

Results due next week

Better-than-expected mid-year figures, up 7.7 per cent pre-tax to £61.6m, from the engineering giant Hawker Siddeley Group sent some forecasts for the 1981 profit—due to be released on Wednesday—as high as £127m, compared with the previous year's £113m. But the optimism has been trimmed by the poor full-time figures from Canada where a near break-even final quarter left the total 30 per cent lower. Added to this there is the impact of the economic slowdown in the U.S., where Fasco is having a harder time, and in South Africa. But offsetting these problems is the weakness of sterling which led to a boom in export business, that accounts for approaching 25 per cent of group sales, and significant exchange gains. Expectations for the year now range from £125m down to as low as £117m. But Hawker has regularly proved its resilience and over £120m should be no surprise.

Delta Group, the control equipment maker and metals concern which reports its 1981 figures on Wednesday, was hit severely by the collapse of the domestic market in the second half of 1980. Last year opened with no prospect of an upturn in UK business and it was only lower re-organisation costs and good performance in Africa and Australia that halted further profit deterioration over the previous six months, though at £6.44m pre-tax it was less than half the corresponding interim figure of £13.45m.

Stabilisation of the home market and higher contribution from overseas, despite the July sale of Macdem in South Africa, points to a little better closing six months leaving forecasts of around £13.5m (£19.6m) full-time looking realistic.

Market expectations for Smiths Industries, which reports interim figures next Tuesday, fall fairly neatly into the £11m-£12m range, against £9.97m for the first six months of 1980-81. Smiths has been cushioned from the troubles in the aerospace and motor industries by its various specialised businesses, such as medical equipment. The automotive business is expected to continue in loss, but with some improvement this year. The re-scheduling of the Tornado project is not likely to hit Smiths as badly as some of its competitors while its strong links to the successful Airbus programme is protecting it from the general downturn in civil aviation. Analysts are looking for a full-year profit of between £27m and £29m and expect another dividend increase at the interim stage, perhaps to 4p against 3.7p last year.

Analysts yesterday were far from comfortable about giving pre-tax profits estimates for Dunlop Holdings, which reports full-year figures on Thursday. Dunlop's heavy tax burden will ensure that whatever the pre-tax figure, attributable losses will be hefty w[illegible] true recovery for the group [illegible] off in the distance. The m[illegible]et will not be surprised [illegible]a result, if the pre-tax figure [illegible]s any where between a £10m [illegible]ss and a positive £5m, agains[illegible] £10m profit last year. The D[illegible]op bulls are expecting some [illegible]provement in the UK tyre [illegible]ket, with the Pirelli and plant[illegible]n money smoothing out the r[illegible] to a rosier future. The bears[illegible] however, see Dunlop, plag[illegible] by overcapacity and alrea[illegible] markets, going the way of [illegible] UK steel industry. Ana[illegible]s expect a maintained tota[illegible] dividend of 4p, although a cut [illegible] the second year running wo[illegible] not be a complete surprise.

O[illegible]er companies reporting pre[illegible]inary results next week in[illegible]de Currys Group (Monday), M[illegible]ies (Tuesday), Empire S[illegible]s, RMC Group and Sun Life A[illegible]rance (all on Wednesday), L[illegible]rte Industries and Savoy H[illegible]l (Friday). Interim figures f[illegible]n McKechnie Brothers are d[illegible] on Wednesday.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Albany Investment Trust	Thursday	0.6	1.6	0.6
Allebone & Sons	Friday	—	1.0	—
Amalgamated Metal Corporation	Friday	3.0	6.0	2.0
Bensalls	Friday	0.3	1.05	0.3
Biddle Holdings	Wednesday	2.4	6.6	2.4
Bodycote International	Tuesday	2.0	2.0	2.0
Boustead	Tuesday	0.5	0.75	0.5
Bramall (C. D.)	Monday	2.05	3.5	2.05
Burma Mines	Monday	—	0.75	—
Concord Rotaflex	Wednesday	0.1	—	0.6
Currys Group	Monday	0.75	3.75	0.75
Cussins Property Group	Wednesday	—	—	—
Danish Bacon	Wednesday	—	3.5	2.0
Doris Estates	Monday	0.5	0.83	0.5
Delta Group	Wednesday	1.82	1.82	1.82
Duncan (Walter) & Goodricke	Monday	—	12.0	—
Dunlop Holdings	Thursday	2.65	1.35	2.0
Edinburgh Investment Trust	Monday	0.84	1.12	0.95
EIS Group	Monday	1.072	3.078	1.072
Empire Stores (Bradford)	Wednesday	2.4	2.7	1.2
Estate Duties Investment Trust	Tuesday	0.76923	1.44231	0.8
Fogarty (E.)	Wednesday	1.6	2.42	1.6
Future Holdings	Friday	1.05	1.54	1.155
Grampian Television	Thursday	1.0	1.75	1.0
Green's Economiser Group	Tuesday	2.2416	2.68697	2.875
Haden	Wednesday	1.8	4.45	2.0
Hallam Sleigh & Cheston	Tuesday	—	—	—
Hamilton Oil Great Britain	Tuesday	—	1.0	—
Harris Queensway Group	Wednesday	1.33333	2.86667	1.33
Hawker Siddeley Group	Wednesday	3.0	5.2	3.7
Headlam Sims & Coggins	Monday	0.78571	0.90714	1.0
Hestair	Thursday	—	1.0	1.0
Lamont Holdings	Tuesday	0.4	0.7	0.4
Laporte Industries (Hldgs.)	Thursday	3.5	3.5	3.5
Lawrence (Walter)	Monday	2.5	5.0	2.5
London & Continental Adving. Hldgs.	Wednesday	—	0.1	—
Menzies (John) Hldgs.	Tuesday	1.25	2.5	1.45
Miller (F.) Textiles	Friday	0.9	1.3	1.0

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
Owen Owen	[illegible]rsday	1.0	3.25	1.0
Perry (Harold) Motors	[illegible]rsday	1.5	2.0	1.5
Photax (London)	[illegible]nday	1.5	2.0	1.5
Richardsons Westgarth	[illegible]iday	1.05	1.05	0.75
RMC Group	Wednesday	3.7	5.3	3.7
Rush & Tompkins Group	Thursday	1.25	2.5	1.5
Savoy Hotel "A" Shares	Friday	—	1.149	—
Savoy Hotel "B" Shares	Friday	—	0.5745	—
Scottish Mortgage & Trust	Thursday	2.5	2.8	2.5
Scottish Northern Investment Trust	Friday	1.2	2.25	1.2
Securities Trust of Scotland	Wednesday	1.9	3.0	1.9
Solicitors Law Stationery Society	Friday	0.75	0.724	—
Spear & Jackson International	Wednesday	3.575	3.0	3.575
Steel Brothers Holdings	Thursday	3.15	4.85	3.15
Sun Life Assurance Society	Wednesday	7.5†	4.5	4.5
Tate of Leeds	Monday	—	1.25	—
Television South West Holdings	Friday	—	—	—
Tilbury Group	Tuesday	6.0	18.3789	6.0
United Friendly Insurance	Monday	—	—	2.75
United Parcels	Tuesday	1.0	2.5	1.2
Walbeck Investments	Tuesday	0.75	1.1	0.75
Websters Group	Tuesday	0.7	1.6	0.8
Western Motor Holdings	Wednesday	—	—	—
Wire & Plastic Products	Thursday	0.73	1.22	0.85
INTERIM DIVIDENDS				
Casket (S.) Holdings	Friday	0.5	1.25	
Low (W. M.)	Tuesday	2.1	5.4	
Lowland Investment	Friday	1.75*	2.6	
McKechnie Brothers	Wednesday	2.0	5.2765	
Smiths Industries	Tuesday	3.7	6.8	
Spencer Gears (Holdings)	Thursday	0.25	0.5	
Wade Potteries	Wednesday	0.5	1.5	
INTERIM FIGURES				
Highland Electronics Group	Monday			

*Dividends are shown net pence per share and adjusted for intervening scrip issue. † Total of first and second interim dividends.

MINING NEWS

Mine problems in Zimbabwe

COMMENTING ON the difficulties of the mining industry in Zimbabwe, Mr Bill Rickards, retiring chairman of Rio Tinto Mining (Zimbabwe), warned that the company might well run into a loss this year, reports Tony Hawkins from Salisbury.

He pointed to low world prices for gold, nickel, copper and emeralds, internal costs rising in line with inflation and wage awards, higher interest rates and Zimbabwe's increased taxation of the mining industry there.

The most important development for RTMZ this year, he said, would be the commissioning of the Renco gold plant which will more than double the company's gold output this year. But emerald production would be limited and might show a one-third fall in profits.

In the absence of a recovery in nickel and copper prices the Empress mine would show a loss. RTMZ's industrial division would earn less owing to inflation, price controls, cutbacks in foreign currency allocations, shortage of skilled personnel and the poor agricultural season.

Mr Rickards called upon the Zimbabwe Government to combat the mining industry's labour problem by providing conditions "at least as attractive" as those offered in many other countries.

A decision on whether to go ahead with the Zinca platinum mine would be taken by RTMZ early next year, but no decision would be taken on the Sengwa coal property until the Government had finalised its energy policy. London's Rio Tinto-Zinc has a 56 per cent beneficial interest in RTMZ.

Bougainville chief says outlook bleak

BY KENNETH MARSTON, MINING EDITOR

WHEN interest rates ease and world economies improve, a rapid increase in the price of copper is expected by Mr D. C. Vernon, chairman of the copper and gold-producing Bougainville Copper.

But he does not see such a move before late 1982 or early 1983 and he fears that depressed prices for gold and silver could continue into 1983.

The Bougainville open-pit operation in Papua New Guinea is working at a loss and, with its capital spending programme in mind, the company has arranged a new standby borrowing facility of US$50m. This, together with another of $40m, is sufficient for the time being.

However, Mr Vernon says that if metal prices remain at their present levels for a "significant" period the company will have to seek additional, long-term borrowings. "The company's immediate economic prospects are bleak," he says.

Now that mining operations have moved into the lower-grade area of the pit, production of both copper and gold is expected to be lower this year. It has thus been decided to construct a twelfth ball mill.

Further expansion is under consideration, but Mr Vernon points out that this will be influenced by the prevailing economic climate. Bougainville is 53.6 per cent-owned by CRA, which, in turn, is 57.2 per cent-owned by Rio Tinto-Zinc.

New power contracts boost Amcoal output

BIG NEW coal supply contracts with South Africa's Electricity Supply Commission (ESCOM) have been obtained by Anglo American Coal Corporation (Amcoal). They will involve the construction of two collieries, each of which will supply 600m tonnes of coal to ESCOM over a period of 40 years.

These new mines together with the New Denmark colliery now being established will result in Amcoal supplying coal for 10,800 megawatts of new ESCOM generating capacity. It will raise Amcoal's current supply rate to power stations to 40m tonnes a year from the current level of 24m tonnes a year.

As reported here yesterday, Transvaal Consolidated Land and Exploration (TCL) is also to play its part in providing coal for South Africa's electricity supply expansion. TCL is to establish a R352m (£190m) underground coal mine with a full annual capacity of 11m tonnes to supply the new "D" power station in the south-eastern Transvaal.

ELDERS IXL ACCEPTANCES

The offers by the Australian group, Elders IXL's subsidiary Elder Smith and Co., for the whole of the re-organised share capital of Wood Hall Trust, have been accepted in respect of 22,621,584 ordinary and the same number of deferred, representing 92.2 per cent. Acceptances have also been received for 961,226 (4.55 per cent) preference shares.

Elder Smith intends, in due course, to acquire compulsorily all outstanding stock and shares in Wood Hall, and the offers remain open for acceptance until further notice.

RIT/GT. NORTHERN

RIT purchased 100,000 Great Northern Investment Trust shares at 136p per share, 100,000 at 138p a share and 420,000 at 140p a share on Thursday. Both RIT and Great Northern announced a merger plan on March 10 which involves the exchange of Great Northern shares for RIT's on a formula based on net asset values on the day when the deal becomes unconditional.

SPAIN

April 16	Price %	+ or —
Banco Bilbao	348	
Banco Central	343	
Banco Exterior	325	
Banco Hispano	316	
Banco Ind. Cat.	110	
Banco Santander	339	
Banco Urquijo	234	
Banco Vizcaya	363	
Banco Zaragoza	246	
Dragados	152.5	−0.5
Espanola Zinc	64	+1
Fecsa	61.5	+0.5
Gal. Preciados	36	
Hidrola	63	+0.3
Iberduero	57.2	+0.2
Petroleos	90.7	−0.8
Petroliber	98	
Sogefisa	9	
Telefonica	70	+0.5
Union Elect.	63.5	+0.3

EUROPEAN OPTIONS EXCHANGE

Series			May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
[illegible]									

VW	C	DM.140	20	e	—	—	—	—	DM.142.60

TOTAL VOLUME IN CONTRACTS: 19,928

A=Asked B=Bid C=Call P=Put

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Dealings in Empire Stores (Bradford), the mail order group, were suspended at 92p on Wednesday pending the outcome of talks with Great Universal Stores which could lead to the companies "forming a closer relationship."

Blue Circle Industries sold its aggregates business for £37.6m cash to Amey Roadstone, the construction materials subsidiary of Consolidated Gold Fields.

A consortium of major institutional investors led by Charterhouse Group bought for £17.88m a 90 per cent etake in Coloroll, a leading wallcovering and household textiles manufacturer. The vendors are members of the Gatward family, many of whom are resident abroad and have not been involved in running the company since the mid-1970s. The consortium has put its stake into a new company, Coloroll Holdings. Charterhouse owns 53.3 per cent and Finance for Industry 23.1 per cent. Other investing partners are British Rail pension fund with 11.2 per cent, National Coal Board pension fund with 7.4 per cent and Charterhouse Development Capital with 5 per cent.

Company bid for	Value nf bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Assoc.Coms.'A'¶¶	110*	102	52††	59.70	TVW Enterprises
Capseals	50*§	50	45	2.43	Sonoco
Cawoods	284§§	280	263	137.55	Redland
CCP North Sea	198§§	193	145††	15.53	Charterhouse Pet.
CCP North Sea	204‡	193	145††	16.04	Tricentrol
Federated Land	175*	171	142	19.03	BSC Pnsn. Funds
General & Comm.	255‡‡	240	224	13.63	Refuge Ass.
Grant Bros.¶¶	190*	186	176	2.28	Jadepoint
Heron Motor Grp.	34*§	32	23	4.33	Heron Corp.
Lancaster (D. M.)	27½*	26	28	4.36	Intasun
Normand Electrl.	57§§	53	41††	5.13	Henderson (P. C.)
Moran (C.) Grp.	20*	21††	21††	3.47	Mr. C. Moran
Speedwell Gear Case	15*	16	23	14.40	Astra Ind.
Tunnel Hldgs.¶¶	565§	550	565	129.46	RTZ

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ** Based on April 16 1982. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Unconditional.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Aberthaw & Brstl.	Dec	3,190	(2,564)	61.1	(53.4)	11.5	(10.0)
AC Cars	Sept	343L	(176)L	—	(—)	—	(—)
Air Call	Dec	693	(627)	23.0	(19.6)	5.6	(2.63)
Anchor Chemical	Dec	673	(222)	11.9	(1.2)	3.0	(2.38)
Aquascutum	Jan	1,079	(921)	3.9	(3.4)	2.05	(2.05)
Armitage Bros.	Dec	453	(426)	97.0	(86.0)	27.0	(24.5)
Automotive Prods.	Dec	1,820L	(3,070)L	—	(—)	3.0	(3.02)
Bank of Scotland	Feb	47,200	(43,300)	123.9	(125.0)	21.0	(17.5)
Barrow Hepburn	Dec	1,640	(1,760)	3.9	(4.8)	2.2	(2.2)
Barton Group	Dec	1,030	(760)	3.4	(2.5)	2.4	(2.4)
Beauford Group	Dec	356	(37)	6.8	(—)	2.1	(0.7)
Bestwood	Dec	186	(179)	7.6	(7.4)	5.5	(4.5)
Bifurcated Engn.	Dec	1,040L	(148)L	—	(2.4)	0.35	(1.5)
Black& Edgington	Dec	1,480L	(26)L	—	(—)	0.1	(1.0)
Blackwood Hodge	Dec	1,020	(4,990)	2.2	(2.5)	1.25	(2.5)
Bruntons	Dec	1,480	(1,650)	17.1	(13.6)	10.17	(9.46)
Burmah Oil	Dec	82,300	(62,300)	23.8	(19.5)	8.5	(6.5)
Camrex	Dec	1,020	(689)L	7.0	(—)	4.02	(4.02)
Clyde Petrlm.	Dec	1,100	(1,140)	0.3	(5.3)	0.55	(0.55)
Coates Bros.	Dec	8,370	(7,480)	12.1	(11.6)	3.3	(3.0)
Combined English	Jan	2,680	(3,210)	3.6	(7.0)	3.15	(3.15)
Dewhirst (I. J.)	Jan	2,520	(1,940)	7.4	(6.3)	1.45	(1.2)
Dufay Bitumastic	Dec	549	(40)	—	(4.1)	2.0	(2.0)
England (J. E.)	Jan	117	(60)	1.1	(0.5)	0.88	(0.8)
Feb International	Dec	909	(772)	7.0	(1.5)	2.25	(2.0)
Forward Tech.	Dec	691L	(1,720)	—	(6.2)	3.0	(5.6)
Greenbank Ind.	Dec	1,980	(1,630)	3.9	(3.5)	1.6	(1.35)
Hambro Life	Dec	16,760‡	(14,050)‡	3.6	(3.8)	11.5	(6.6)
Harrison (T. C.)	Dec	2,880	(2,490)	13.0	(12.7)	3.1	(2.95)
Helene of London	Dec	504	(1,129)	1.5	(3.7)	1.48	(1.48)
Hewden Stuart	Jan	1,210L	(3,110)	—	(3.4)	1.28	(1.28)
J. B. Holdings	Dec	5,170	(2,720)	25.9	(15.9)	4.0	(3.0)
Lilley (F. J. C.)	Jan	7,810	(6,110)	21.5	(23.8)	5.5	(5.0)
London Brick	Dec	11,150	(10,740)	6.4	(17.4)	4.89	(4.37)
Lyle Shipping	Dec	6,710	(6,680)	75.9	(98.6)	10.0	(6.5)
Midland Inds.	Dec	768	(92)	5.3	(—)	2.6	(2.8)
Minet Holdings	Dec	14,750	(8,680)	15.3	(8.8)	5.7	(4.55)
Morgan Crucible	Jan	8,070	(10,030)	10.5	(15.4)	7.5	(7.5)
Morrison (Wm.)	Jan	7,550	(5,970)	10.0	(11.4)	1.4	(1.25)
NEI	Dec	33,030	(26,060)	10.3	(10.5)	4.13	(3.75)
Neil & Spencer	Nov	1,450L	(163)L	—	(—)	—	(2.1)
North (M. F.)	Dec	84	(455)	0.03	(1.3)	0.8	(0.8)
NMW Computers	Dec	545	(505)	13.3	(12.6)	4.0	(2.5)
Pearl Assurance	Dec	11,540†	(10,450)†	32.1	(29.0)	23.0	(20.0)
Pergamon Press	Dec	5,870	(4,500)	—	(—)	—	(—)
Rchrds. Leicester	Dec	198L	(293)	—	(24.5)	2.0	(4.3)
Rio Tinto Zinc	Dec	348,100	(507,000)	40.4	(61.6)	16.0	(16.0)
Rowan & Boden	Dec	189L	(388)	—	(12.3)	0.5	(2.21)
Royal Worcester	Dec	1,960	(3,170)	25.1	(37.9)	8.6	(8.6)
Sean Data Intl.	Nov	371L	(267)	—	(12.1)	—	(—)
Solex	Dec	480L	(1,610)L	—	(—)	0.1	(0.1)
Taylor Woodrow	Dec	24,880	(24,840)	49.7	(56.1)	16.31	(16.31)
United Ceramic	Dec	20	(324)	2.0	(15.0)	3.5	(—)
Wilson Connolly	Dec	8,320	(6,290)	27.3	(25.0)	3.0	(2.25)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Adwest	Dec	2,070	(1,530)	2.1	(2.1)
Danks Gowerton	Dec	106L	(303)L	0.25	(—)
Dowding & Mills	Dec	792	(652)	0.78	(0.7)
Hrvy. & Thompsn.	Jan	34	(62)	—	(0.7)
Ingall Industries	Dec	151	(80)	0.89	(0.81)
Land Investors	Sept	1,500	(1,240)	0.2	(0.2)
Martonair Intl.	Jan	1,810	(2,020)	1.95	(1.95)
Peters Stores	Dec	16	(166)	—	(1.5)
Trident Computer	Jan	143	(162)	0.5	(—)

(Figures in parentheses are for the corresponding period.)
* Dividends shown net except where otherwise stated. † Net profit. ‡ Actuarial surplus. L Loss.

Rights Issues

Clifton Investments—Is raising £144,000 by way of a rights issue. Each rights issue unit will comprise of 100 new "A" ordinary shares and one redeemable convertible cumulative preference share of £1 for every 100 ordinary shares at £2 per unit.

F. J. C. Lilley—Is raising £6.384m by way of rights issue on the basis of one for five at 120p per share.

Neil and Spencer Holdings—Is proposing to raise £810,000 by way of a one for two rights issue at 12p per share.

Offers for sale, placings and introductions

Brown Shipley International Currency Fund—Offer for subscription for 2.5m 1p participating redeemable preference shares at 105p each.

East Anglian Water Company—Is offering for sale by tender £2m nf 9 per cent redeemable preference stock at a minimum price of £99 per cent.

North Sea Assets revenue downturn

PRE-TAX revenue of North Sea Assets, investment concern involved in support industries to the North Sea oil industry, was down from £440,000 to £310,000 for the half-year ended March 31, 1982, after lower interest of £146,000, against £281,000.

After tax of £149,000 (£217,000) earnings available are shown as 1.34p (1.85p) per share. Net assets per share at the year end are given as 186.61p compared with 195.11p a year earlier.

During the period, the company drew down C$1.45m from existing Bank of Montreal dollar overdraft facility, and has given guarantees of £500,000 to secure borrowing of a company in which North Sea Assets has an investment.

There have been no changes in the directors' valuation of unquoted invests in period under review.

During the first three months of 1982 SB Offshore raised further finance of £1.5m of which the company subscribed £500,000 to a loan stock with rights of conversion into ordinary and guaranteed repayment of £500,000 of other short-term borrowings.

A 15 per cent interest has been taken in Nixon Drilling Co. Inc, of West Texas, for £1.4m, and the funds will be used to finance partially the purchase of new equipment, directors state.

Since the end of March, North Sea has invested £1m in a small portfolio of quoted U.S. exploration companies.

Following recent changes in shareholdings and in the assessment of improved prospects of investments in Redpath de Groot Caledonian (now called RGC Offshore), investment by North Sea has been increased through subscription of £200,000 in a rights issue, so that the company retains is 5 per cent interest in RGC.

SPEYHAWK IN £1.3M CASH DEAL

Speyhawk, the commercial and industrial property development company, has acquired H. Taylor and Son (Isleworth) for £1.3m cash. Speyhawk acquired 125,932 sq ft of warehouse, storage and industrial building space—Taylor's only significant asset, since it ceased trading on January 31

LEADENHALL STERLING

Hays Group's unconditional offer for Leadenhall Sterling remains open until further notice.

Acceptances have been received in respect of 4,391,108 ordinary units (97.62 per cent) and Hays intends to acquire compulsorily any outstanding shares.

APPOINTMENTS

New chairman for Selincourt

SELINCOURT has appointed Sir David Nicolson its chairman. Sir David is chairman of Rothmans International, BTR and the Channel Tunnel Group.

*

Mr T. F. "Tom" James, chairman of the WILLIAM MOSS GROUP, has stepped down as chairman of the group's main subsidiary, William Moss (Construction). Mr John Bower succeeds him as chairman and chief executive and Mr Bob Baker, managing director of the Liverpool Branch, becomes deputy chairman.

*

Mr. G. M. Bagot, Mr D. I. G. Barlow, Mr A. J. S. Ewen, Miss C. C. Ferguson and Mr A. P. Spender have been admitted into the partnership of WOOD, MacKENZIE & CO, stockbrokers.

*

Mr L. Elkington, of Pegler Hattersley, has been appointed chairman of the BRITISH VALVE MANUFACTURERS ASSOCIATION.

*

Mr John P. Lucas has been appointed to the board of directors of WIGHAM POLAND PENSION CONSULTANTS.

WIGHAM POLAND REINSURANCE BROKERS has appointed Mr Robert J. E. Secular an associate director and Mr Christopher D. Epps and Mr B. Johnson divisional directors.

*

GOODMANS LOUDSPEAKERS, a member of the Thorn EMI Group, has appointed Mr T. E. W. Bennett managing director. Other board appointments include Mr S. Buck, manufacturing director, Mr A. Milford, financial director and company secretary and Mr R. Hawkes, sales director.

*

Mr Peter James Holland, who rejoined THE IDC GROUP a year ago as group financial controller, has been appointed company secretary in succession to Mr Alan Shaw. Mr Shaw retains his position as group financial director.

*

Mr John Sebire, formerly chairman of BERISFORDS, has been elected president. Mr David Mynors, a non-executive director, has been made chairman. Mr Roger Bushell and Mr Ernest Harrison have been appointed directors.

*

Mr Colin G. Wiseman has been appointed to the board of TERN-CONSULATE as group finance director.

CONTRACTS

£20m pipeline work for British Pipeline Agency

A £20m oil pipeline construction programme to move oil products between refineries and distribution terminals including a link to take jet fuel to Gatwick Airport, is to be carried out by BRITISH PIPELINE AGENCY, acting on behalf of BP Oil, Chevron Oil (UK), Mobil Oil, Petrofina (UK), Shell UK and Texaco. Work is starting this month and the pipelines are expected to be operating by mid-1983.

The development will help refineries at Stanlow, in Cheshire, and Pembroke, in Wales, to supply petrol, derv, heating and aviation fuels direct by pipeline to the South-East as well as connecting the Essex refineries and facilities at the Isle of Grain by pipeline to Gatwick.

British Steel Corporation is supplying 122 miles of 10 inch diameter steel pipe costing £5m and contracts have been awarded to British companies for the construction of a 90 mile line from Kingsbury, near Birmingham, to Hemel Hempstead Herts, a 10 mile line from Longford, near Heathrow Airport, to Walton-on-Thames and a 22 mile line from Walton-on-Thames to Gatwick Airport.

*

A contract for an 8 km long overland coal conveyor has been awarded to CABLE BELT CONVEYORS (PTY), the South African subsidiary of Cable Belt at Camberley, Surrey, worth around R7m (£4m). Awarded by Rand Mines, the contract is on a full turnkey basis to include design, supply, civil engineering work, erection and commissioning.

The initial capacity of the system is 1,400 tonnes per hour of crushed coal, on a 1,040 mm wide belt running at three metres per second. The belt will be carried on 41 mm diameter drive cables.

*

PILCHER-GREENE has won an order worth £2m for 140 four-stretcher Land Rover ambulances, together with equipment and services, to be supplied to the Royal Jordanian Armed Forces.

*

FISHER CONTROLS has received an order valued at £700,000 from the Electricity Supply Commission at Malawi. The contract covers the supply of control and monitoring facilities for two control centres. At Nkula, the generation control centre will monitor and control the generation facilities at both Nkula and Tedzani power stations. At Blantyre the system control centre monitors and controls the total transmission system.

COMPANY NEWS IN BRIEF

[illegible]

BASE LENDING RATES

A.B.N. Bank	13 %	Grindlays Bank	‡13 %
Allied Irish Bank	13 %	■ Guinness Mahon	13 %
American Express Bk.	13 %	■ Hambros Bank	13 %
Amro Bank	13 %	Heritable & Gen. Trust	13 %
Henry Ansbacher	13 %	■ Hill Samuel	§13 %
Arbuthnot Latham	13 %	C. Hoare & Co.	†13 %
Associates Cap. Corp.	13 %	Hongkong & Shanghai	13 %
Banco de Bilbao	13 %	Kingsnorth Trust Ltd.	14 %
BCCI	13 %	Knowsley & Co. Ltd.	13½%
Bank Hapoalim BM	13 %	Lloyds Bank	13 %
Bank Leumi (UK) plc	13 %	Mallinhall Limited	13 %
Bank of Cyprus	13 %	Edward Manson & Co.	14 %
Bank Street Sec. Ltd.	14 %	Midland Bank	13 %
Bank of N.S.W.	13 %	■ Samuel Montagu	13 %
Banque Belge Ltd.	13 %	■ Morgan Grenfell	13 %
Banque du Rhone et de la Tamise S.A.	13½%	National Westminster	13 %
Barclays Bank	13 %	Norwich General Trust	13 %
Beneficial Trust Ltd.	14 %	P. S. Refson & Co.	13 %
Bremar Holdings Ltd.	14 %	Roxburghe Guarantee	13½%
Brit. Bank of Mid. East	13 %	E. S. Schwab	13 %
■ Brown Shipley	13 %	Slavenburg's Bank	13 %
Canada Perm't Trust	13½%	Standard Chartered	‖13 %
Castle Court Trust Ltd.	13½%	Trade Dev. Bank	13 %
Cavendish G'ty T'st Ltd.	15½%	Trustee Savings Bank	13 %
Cayzer Ltd.	13 %	TCB Ltd.	13 %
Cedar Holdings	13 %	United Bank of Kuwait	13 %
■ Charterhouse Japhet	13 %	Whiteaway Laidlaw	13½%
Choulartons	13½%	Williams & Glyn's	13 %
Citibank Savings	¶12½%	Wintrust Secs. Ltd.	13 %
Clydesdale Bank	13 %	Yorkshire Bank	13 %
C. E. Coates	14 %		
Consolidated Credits	13 %		
Co-operative Bank	*13 %		
Corinthian Secs.	13 %		
The Cyprus Popular Bk.	13 %		
Duncan Lawrie	13 %		
Eagil Trust	13 %		
E.T. Trust	13 %		
Exeter Trust Ltd.	14 %		
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		
Robert Fraser	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month 10.25%. Short term £8,000/12 month 12.8%.
† 7-day deposits on sums of: under £10,000 10¼%, £10,000 up to £50,000 11%, £50,000 and over 11½%.
‡ Call deposits £1,000 and over 10%.
‖ 21-day deposits over £1,000 11¼%.
§ Demand deposits 10¼%.
¶ Mortgage base rate.

U.K. CONVERTIBLE STOCK 17/4/82

Statistics provided by DATASTREAM International

Name and description	Size (£m)	Current price	Terms*	Conversion dates⇳	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.¶	Income Div.♡	Cheap(+) Dear(−)◇ Current
British Land 12pc Cv. 2002	9.60	271.50	333.3	80-97	4.4	1.9	1.8	−2 to 4	31.7	83.7	19.5	+17.7
Hanson Trust 6½pc Cv. 88-93	3.02	167.50	114.3	76-83	3.9		−1.6	−52 to −1	8.4	3.1	−3.1	−1.5
Hanson Trust 9½pc Cv. 01-06	150.59	118.00	71.4	85-01	8.3	8.0	10.9	2 to 11	85.4	73.8	−10.8	−21.7
Slough Estates 10pc Cv. 87-90	5.31	234.50	187.5	78-84	4.3		−2.3	−8 to 5	23.1	18.0	−2.1	+0.2
Slough Estates 8pc Cv. 91-94	24.88	110.00	78.0	80-91	7.4	6.6	10.2	3 to 14	33.3	45.4	12.1	+1.9

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ♡ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◇ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness. − is an indication of relative dearness. ⇳ Second date is assumed date of conversion. This is not necessarily the last date of conversion.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Knowsley (051-548 6555)	13¾	½-year	1,000	4-8

THE TRING HALL USM INDEX
117.7 (+0.1)
close of business 16/4/82
BASE DATE 10/11/80 100
Tel: 01-638 1591

LADBROKE INDEX
Close 550-555 (+7)

WORLD STOCK MARKETS

Early small gains on Wall St

FURTHER SMALL gains were scored on Wall Street yesterday, with much of the support coming from a renewal of takeover speculation in the Energy sector.

By mid-day the Dow Jones Industrial Average was up another 1.62 at 841.23, reducing its loss on the week to 1.71, while the NYSE All Common Index, at $67.05, rose 9 cents on the day and 16 cents on the week. Advances led declines by a seven-to-five majority in a volume of 28.88m shares.

Energy stock prices jumped following the news late Thursday that Aetna Life will acquire the 71 per cent of Geosource shares it does not already own through an exchange of stock valued at $638m.

Geosource soared $18 to $50 in the morning, while Aetna fell $4½ to $43¾, both in active trading.

During the Conoco and Marathon oil takeover battles, stocks of several other Natural Resource firms also gained ground as investors speculated about who would be the next acquisition target. The same pattern appeared in the market yesterday.

Gains were recorded by General American Oil, up $1¾ to $35, North American Coal $1¾ to $30, Superior Oil $½ to $29¾, Shell Oil $1⅛ to $38¼ and Tesoro $¾ to $21¾.

Higher earnings pushed up Communications Satellite by $1¾ to $60½, while Merck rose $1¾ to $73¾ despite lower financial results.

Saxon Industries dropped $1¼ to $1¾—Thursday the firm filed for bankruptcy.

Omnicare declined $2 to $25 on the news that American Medical International will not renew its pharmacy contracts with the company.

In active trading, volume leader Tenneco shed $½ to $28¾, but General Dynamics improved $1⅛ to $29¾. Mitel gave way $1⅛ to $18¾.

THE AMERICAN SE Market Value Index eased 0.45 to 273.03, reducing its rise on the week to 2.27. Volume 21.9m shares.

Closing prices for North America were not available for this edition.

Canada

Stocks were lower at mid session, with the Toronto Composite Index retreating 7.1 points to 1,613.1.

The Gold Share Index lost 35.1 to 2370.2 and Oil and Gas 25.8 to 2806.5, while Utilities eased 0.23 to 205.12 and Banks 0.10 to 310.67.

Norcen Energy, involved in a battle for U.S. based Hanna Mining, firmed $⅛ to $24¾. Analysts said Hanna's Court action is only a delaying tactic and it is doubtful whether Hanna will be successful in blocking the bid.

Phoenix Canada was halted in early trading after rising $1⅛ to $13¾—its President knows of no reason for the activity in the stock.

Amsterdam

Mixed in quiet trading.

Yesterday's expiry dates for February contracts of some Options led to slightly increased demand.

Higher profits and dividend announced by Amev boosted demand for Insurances with Amev up Fls 2.20, Ennia Fls 3 and Natned, whose results are due next week, rising Fls 1.

Bos Kalis traded Fls 18.40 lower at 45.20 after announcing more than halved 1981 profits and considerably lower dividends.

State Loans slightly recovered from lower opening levels, but were still below Thursday's closing prices.

Germany

Prices staged a modest recovery, reflecting bargain hunting and pre-weekend buying by professional traders.

Brokers pointed to the slight recovery of Bond prices as helping stabilise the market.

Banks, Stores and Motors benefited from the bargain hunting, while Electricals and major Chemicals were little changed.

Australia

Thursday's sharp rise flushed out some sellers yesterday as markets finished the week slightly lower. Trading volume also fell.

The easier prices of Gold and Silver on International Commodities Exchanges was a factor in the quieter trading, and it was also clear that the end of the long Easter dealing Account in London had pumped some stock into markets from the UK.

Most of the key Gold and Silver Mines eased, but losses weren't very significant.

Markets appeared unsure about the CRA-Showa Denko deal. CRA has paid $A100m for a substantial holding in the Japanese Aluminium Group, which makes it more, or less, a captive customer of Comalco. CRA firmed to A$2.75 but Comalco shed 3 cents to $A1.77.

G. J. Coles, up 11 cents at $A2.17, performed best among the Retailers, and James Hardie starred in the Building Materials.

Oils were mixed to firm.

Singapore

Lower on lack of support in selective moderate trading, with sentiment further depressed by lower Hong Kong advices. There was also caution ahead of Thursday's General Elections in Malaysia.

Among Properties, UOL headed upward in the morning but later fell back to S$2.88 from S$2.91: the investment arm of UOB, one of the major Singapore Banks, said in its annual report it realised a S$293m surplus from a revaluation of its properties.

Among Industrials, Cold Storage shed 10 cents to 2.78—it said Thursday group pre-tax profit fell 15 per cent in the year ended January. Going against the general trend, Keppel Shipyard rose 15 cents to S$5.30.

Tokyo

Shares ended narrowly mixed after a day of thin trading, due to uncertainty over likely developments in the Falkland Islands dispute and Middle East tension.

The Market Average added 8.83 at 7,129.69 in a volume of 270m (190m) shares.

Export-oriented issues, "Large Capitals" and other market leaders fell initially on scattered Foreign sales, but recovered subsequently on local bargain hunting.

Gold Mines and other speculatives were firm, while "low priced" Domestic issues were bought selectively towards the close.

Matsushita Electric finished Y8 up at 910, after falling Y17 to 885.

Mitsubishi Heavy Industry shed Y2 to 210 and Toyo Kogyo Y4 to 311 after Ford said in the U.S. it has held no talks with the Japanese affiliate on a possible joint venture to make small cars in that country.

Hong Kong

A bearish speech by the Financial Secretary late Thursday triggered some selling, leaving most share prices lower in very thin dealings.

The Hang Seng Index fell 18.78 to 1,182.48 on combined turnover of HK$710.1m (HK$111.78m).

The Financial Secretary said that lower than expected exports might require him to cut his estimate of economic expansion in 1982. An analyst said that the news hit the Stock Market, where the fall off in exports had been ignored by many until now.

Switzerland

Steady to slightly lower, with few significant price changes. Dealings started out thin, but activity picked up during the session as investors squared their positions ahead of the long week-end. Monday is a holiday in the Canton of Zurich, and the Stock Market will be closed.

NEW YORK

Indices

NEW YORK — DOW JONES

STANDARD AND POORS

NY. S.E. ALL COMMON

MONTREAL

NEW YORK ACTIVE STOCKS

CANADA

BELGIUM (continued)

DENMARK

FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

HOLLAND

ITALY

NORWAY

SWITZERLAND

SWEDEN

AUSTRALIA

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

Financial Rand US$0.77½ (Discount of 17½%)

BRAZIL

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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Fidelity collapse hits shareholders

BY DAVID LASCELLES IN NEW YORK

U.S. SAVINGS banks have been falling like ninepins because of high U.S. interest rates. This week's collapse of Fidelity Savings and Loan Association, one of the largest in the San Francisco area, was specially dramatic.

Not only did it force U.S. bank regulators to mount their biggest direct rescue to date—there have been bigger threatened failures, but they were averted by forced mergers. It was also the first failure involving a publicly-owned bank, as opposed to a mutual institution. The difference means that the bank has shareholders whose equity has been wiped out. Mutual savings banks, which account for the majority of U.S. savings banks, are owned by their depositors who are guaranteed protection by Government agencies.

Fidelity Financial had $2.9bn in assets but was losing cash heavily because its loan portfolio was stuffed with low yielding mortgages made before U.S. interest rates soared to their current levels. By early this month, news of its troubles was spreading, and depositors rushed to withdraw their savings.

Finally on Tuesday, Federal and State regulatory officials swooped. The chief executive, Mr A. C. Meyer, was fired along with his senior colleagues.

Over the next couple of days, regulators transformed the bank into a mutual institution, enabling it to reopen for business. Mr Richard Pratt, the chairman of the Federal Home Loan Bank Board, one of the principal regulatory agencies involved, announced: "Fidelity is stronger than it has been in the recent past and now has the opportunity to once again become a healthy competitive force in the California market."

All the depositors got their money back from Federal Savings and Loan Insurance (FSLIC), the agency that protects the public against savings bank collapses. But Mr Pratt warned that the FSLIC does not protect shareholders whose capital is, by definition, at risk. And no one who bought the bank's shares could have claimed ignorance. In February, Value Line, a stock research service, said: "The shares are *extremely risky* and are suitable for only the most venturesome investors."

At the end of last year, the bank had $32.8m in equity and about 6.8m shares outstanding.

The regulators do not intend to prop Fidelity up for ever, however. The FSLIC, which is the official receiver, is now loking for a potential buyer and has set a 30 day deadline for bids.

Representatives of 32 banks attended a bidders meeting on Thursday to receive details of the bank's finances. Apart from other savings banks, they are believed to have included several large New York banks.

These banks are currently not allowed to open branches across state lines. But regulators have said they can buy troubled banks in other states.

The key question is how big a subsidy the regulators will pour into Fidelity to make it viable.

Boskalis cuts payout as profits fall sharply

By Charles Batchelor in Amsterdam

BOSKALIS Westminster, the Dutch contractor, reported a sharp profit fall in 1981 and proposes paying a much reduced dividend. Trading profits improved but were offset by sizeable extra provisions made for losses by some associated companies.

Net profit fell to Fl 20.4m ($7.6m) from Fl 51.5m on turnover which was 7 per cent higher at Fl 2.74bn ($1.02bn). Net profit per share fell even more sharply to Fl 6.03 from Fl 18.08 following the issue of 524,500 new shares taking the total to 3.37bn.

Trading profit rose 57 per cent to Fl 129.5m. The decline at the net level resulted from a 10 per cent increase in the net interest charge to Fl 75.8m and a fall in extraordinary income to Fl 6.3m from Fl 48.7m, largely because of lower sales of assets. The tax bill nearly doubled to Fl 31.8m while associated companies made a loss of Fl 7.1m compared with the previous year's profit of Fl 7.6m.

Boskalis will pay a Fl 3.50 per share dividend compared with the previous year's payment of Fl 6.50 in cash and a one-for-40 scrip issue.

The result may improve this year on the basis of the order book which was Fl 300m higher at Fl 2.7bn at the start of 1982 than a year earlier. In addition, a number of important contracts were obtained in the first few months of 1982.

In 1981, larger than expected losses were made on projects being developed jointly with other companies and by an associated construction company in Nigeria.

Pirelli plans to unify its worldwide operations

BY RUPERT CORNWELL IN MILAN

EXACTLY A year after its divorce from Dunlop of the UK, Pirelli, the Italian tyre and cable group, has announced a sweeping reorganisation aimed at unifying the hitherto fragmented management of its operations worldwide.

The cornerstone of the scheme, which caps three years of steady recovery by Pirelli, will be a new company, Pirelli Societe Generale FA, to be based in Basle.

Its "substantial capital," likely to be between SwFr 250m and SwFr 300m ($150m), will be equally owned by the group's two present holding companies, Pirelli SpA of Milan and Societe Internationale Pirelli SA (SIP) of Basle.

The new concern will be headed by Sig Filiberto Pittini, head of Industrie Pirelli, the main Italian operating company. It will have not only ultimate management responsibility for the group's subsidiaries around the world, but also function as a source of funds for them, as required.

The two parents plan a complicated exchange of shares—subject to approval by national authorities involved—to allowed each of the two partners to have an equal stake in the various offshoots."

This step will in turn correct existing disparities, whereby, for instance, Pirelli SpA has outright control of its Italian, French, and British tyre operations while SIP, for no clear reason has a majority holding in the French and British cable subsidiaries as well as in other major Pirelli operations, especially in Latin America.

This previous and illogical division of responsibilities has prevented the group from drawing full advantage from its total strength, Pirelli said last night.

A further spin-off is likely to be the publication as early as next year of results from Pirelli Societe Generale, which will effectively be the first consolidated accounts for the group. Its 1981 worldwide sales reached L5,100bn ($3.8bn).

The restructuring, which executives insist implies no reduction in Pirelli's commitment to Italy, will produce an integrated group employing 77,000 workers with 46 per cent of its sales in cables, 43 per cent in tyres, and 11 per cent in diversified products. Geographically, sales are broadly divided into three equal areas: Italy, the rest of Europe, and Latin America.

American General bid for NLT

By Our New York Staff

AMERICAN GENERAL, the 12th largest insurance company in the U.S. and one of the biggest in Texas, yesterday mounted an unsolicited $1.2bn takeover bid for NLT, another large insurance company based in Tennessee.

There was no immediate reaction from NLT. But lively opposition is expected. NLT gave a hostile reaction to American General's earlier purchase of 9 per cent of its stock, claiming that the move was not in the best interests of the company or its shareholders.

American General, which has expanded aggressively in recent years often by acquisition, is offering NLT shareholders a choice of eight-tenths of one of its shares for each NLT share, or one share of a new preferred stock. Both are worth about $35 at current market prices.

NLT has about 34.8m shares outstanding. They have been trading recently around $24, meaning that American General is offering a hefty premium of about 45 per cent.

Cast rescue near completion

BY WILLIAM HALL

CHEMICAL BANK is close to finalising the first stage of the rescue package being put together for the Canadian-controlled Cast shipping group which has run into difficulties in the shipping recession.

Chemical Bank has already taken over the Cast Skua and Cast Gannet, two 105,000 dwt ore/bulk/oil carriers, and expects to take over the Cast Bear, a 69,000 dwt Panamax bulk carrier, on Monday. The three ships are being renamed and will be managed for Chemical by the Connecticut-based Skaarup Ship Management.

The deal means that Chemical is cancelling its $37.1m loan to the Cast shipping group and it is expected to help the troubled shipping group's cash flow by around $20m over the next two years, in terms of eliminating interest and capital repayments.

However, the removal of Chemical Bank also means that the way is now clear for Cast to negotiate a purely Canadian solution to its problems with the Canadian banks who have been financing it—principally Bank of Montreal and the Royal Bank of Canada.

The Cast shipping group, headed by Mr Frank Narby, has run into serious financial difficulties in the midst of its $430m expansion programme. Its immediate problem is the progress payments on three 150,000 dwt bulk carriers under construction in South Korea. Since it ordered the ships the freight market has fallen significantly and the value of the ships, costing $60m apiece, has fallen. At the same time Cast is taking delivery of six new container/bulk carriers for its North Atlantic container ship operation.

In mid-February, Eurocanadian Shipholdings—Cast's parent company—said that it was "obliged to make a major asset disposal" in order to secure the funding for the large new building programme. Accordingly, it announced its intention to sell 50 per cent of its North Atlantic container operation and get a price "in excess of $100m."

At the same time he announced that it was withdrawing from the fierce rate war in the North Atlantic container trades in an effort to bolster its profitability.

Mr Narby's shipping group has been expanding rapidly during a period when the shipping industry has been hit by a severe recession. His problems have been added to by the fact that Canadian National Railways turned down an option earlier this year to increase its stake in the group which is said to be worth just over $60m.

Mr Narby is in Canada currently negotiating the proposed sales of part of the container operation. The group is understood to want to retain its ownership of the Korean bulk carriers because it feels that this is the ship of the future when the shipping market recovers.

Eurocanadian is owned by Mr Narby's family investment vehicle, Dolphin Investments (61 per cent). Helix Shipping, a Canadian venture capital company owns 21 per cent and Canadian National Railways owns 18 per cent.

Italian authorities specify rules for company accounts

BY JAMES BUXTON IN ROME

ITALY HAS taken an important step towards bringing company accounts into line with international accounting practice. Consob, the National Commission for Companies and the Stock Exchange, has laid down that company accounts must in future follow the rules of the International Accounting Standards Committee (IASC).

This clears up considerable uncertainty as to what accounting principles are to be followed when the presentation of certified accounts for the 1982 financial year becomes compulsory for major companies next yera.

Until now, Italian companies have had no obligation to produce accounts which have been certified by an outside auditor. This has meant that the composition of a company's balance sheet has often been a creative operation, with the object of emphasising whatever the company's managers most wanted to emphasise at the time.

The first audited accounts are due to be produced next year by the larger companies quoted on the Stock Exchange, and their subsidiaries, as well as State-owned holding companies and their subsidiaries, the main insurance companies and publishing houses.

Though these concerns, which number about 3,000, have been preparing for the presentation of their accounts next year, they have been divided on the system of accounting to use. This is partly because Parliament has not passed the necessary law amending the Civil Code which currently governs accounting, to lay down the necessary standards.

Now the Consob has used its wide powers to decree the use of IASC standards. The news has been welcomed by the growing Italian accounting fraternity, which is dominated by U.S. and British companies such as Price Waterhouse and Arthur Andersen.

Over the coming five years the requirement to produce audited accounts will be extended to more and more categories of the companies and their subsidiaries.

When Parliament finally passes the necessary legislation, which it should have done by the end of last year in order to meet the requirement of the EEC's fourth directive on the harmonisation of accounting standards, a far wider range of Italian companies, beyond those connected with the Stock Exchange, will be obliged to present certified accounts.

Setback for Straits Trading

By Georgie Lee in Singapore

STRAITS TRADING Company, the investment holding and tin concern which is part of the Oversea-Chinese Banking Corporation group, suffered a fall of 30 per cent in net ordinary profits in the year to December, to S$33.1m (U.S.$15.4m), but recorded in addition an extraordinary gain of S$73.6m.

The dividend for the year has been raised, to 34 per cent from 1980's 30 per cent, with a third payment of 18 cents, and the company has announced a one-for-two scrip issue.

Ordinary profits for the year fell by 34 per cent to S$56.51m at the pre-tax level, on to S$1.03bn ($480m).

● COLD STORAGE HOLDINGS, the Singapore food and beverage group, has reported a fall of 14.7 per cent in group pre-tax operating profits for the year ended January, to S$21.3m (U.S.$9.9m). At the post tax level, earnings declined by 15.2 per cent to S$12.57m.

Factoring plan by Olivetti

DEUTSCHE OLIVETTI, the German subsidiary of the Italian computer and office machine group, has established a factoring company in a joint venture with Diskont Bank, which is controlled by Deutsche Genossenschaftsbank.

A spokesman for Olivetti said Olivetti Finanz Service, with a registered capital of DM 2m ($4.84m) will finance Olivetti contractors.

Diskont Bank holds a 51 per cent stake in the new contracting company, and Deutsche Olivetti 49 per cent.

INTERNATIONAL APPOINTMENTS

● Dr Edward T. Child has been appointed senior staff coordinator in the strategic planning department of TEXACO INC. Dr Child will remain at Texaco's Harrison, NY, offices.

● Mr Earl F. Wearstler, president of DIEBOLD INC, has been elected chief executive officer. Mr Wearstler succeeds Mr Raymond Koontz, who will remain chairman. Mr Frank D. Robinson, vice-chairman and chief administrative officer, has retired but will remain on the board and serve as a consultant.

● Dr Carl L. Angst, general manager and member of the executive committee of Nestle SA, and Mr Eric A. Giorgis, managing director of CIE Industrielle et Commerciale Du Gaz SA, have been nominated as board members of NESTLE SA, the Vevey-based parent company of the Nestle Group.

● SMS SCHLOEMANN-SIEMAG INC has appointed Mr Thomas G. Kuchinic as president and chief executive officer and Mr Thomas G. Huzella vice-chairman. Mr Kuchinic was executive vice-president.

COMMODITIES/REVIEW OF THE WEEK

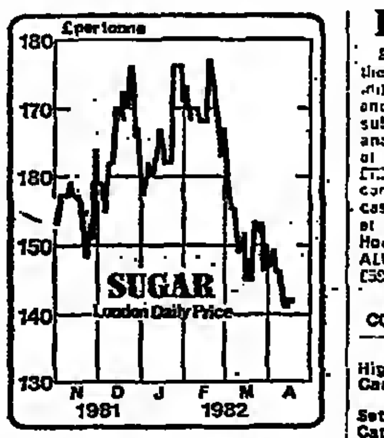
Disappointment on U.S. cocoa usage

BY OUR COMMODITIES STAFF

COCOA VALUES on the London futures market fell sharply yesterday after the announcement of an unexpected fall in U.S. first quarter 1982 cocoa bean grindings. The May quotation ended at a 10-month low of £948.50 a tonne, down £25 on the day but only £9 on the week.

The U.S. Chocolate Manufacturers' Association reported that the January-March grind totalled 52,612 short tons, down 4.5 per cent from the same period last year. Earlier New York traders had forecast that the figure would show a rise of between 1 and 5 per cent.

The deep-seated "bearish" sentiment in the market was illustrated by the fact that earlier news of West German and Dutch first quarter grinds, which where higher than anticipated, had been ignored by the market. The West German figure was 45,125 tonnes, up 8.1 per cent against a forecast 1 to 5 per cent, while the Netherlands' was 38,440, up 6.7 per cent instead of the predicted 5 per cent.



Traders said yesterday's fall was also encouraged by reports of Brazilian sellings and offers of beans from the Ivory Coast and the Cameroons. But the basic cause of the depression in the market remains chronic over-production and declining confidence in the International Cocoa Organisation's ability to set an effective floor level because of lack of funds.

World sugar prices ended at the lowest levels since the autumn of 1979 with the August position on the London futures market £4.75 down on the week at £148.325 a tonne. Prices perked up a little on Wednesday encouraged by a surprisingly low 500 tonnes export allocation at the regular EEC export tender. This compared with a general weekly level this season of 40,000 to 50,000 tonnes.

Natural rubber prices strengthened again following the recent decline and the RSS No. 1 spot position on the London physical market finished 2.75p higher at 55.75p a tonne, only 1.75p below the recent six-year high.

On the London Metal Exchange copper prices moved higher in a continued reaction to the news that Phelps Dodge was shutting down its U.S. copper mines for at least six weeks, announced just before the Easter break. This triggered price rises by U.S. producers which, together with political tension over the Middle East and the Falkland Islands, encouraged the cash LME quotations to gain £8.25 on the week to £861.5 a tonne.

Dealers pointed out, however, that the underlying market situation remained "bearish".

Other metals remained depressed, especially lead, which ended the week £18 down for cash at £319.25 a tonne. This was partly because of a further 6,625 tonnes rise in stocks to 79,550 tonnes.

The fall in tin was cushioned by buying believed to be on behalf of the International Tin Agreement buffer stock but cash metal still ended £20 down at £7,147.5 a tonne.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1982 High	1982 Low
METALS					
Aluminium	£810/815	—	£810/815	£810/815	£810/815
Free Markets c.i.f.	$1000/1030	—	$1080/410	$1120/150	$990/1000
Antimony					
Free Market 99.6%	$2350/2400	+18.0	$2250/050	$2450/560	$2125/225
Copper Cash High Grade	£857.5	+8.25	£830.5	£875	£821.5
3 months Do. Do.	£893.75	+10.5	£849.0	£903.70	£849.70
Cash Cathodes	£862.5	+0.85	£824.25	£871	£830
3 months Do.	£891	+11.70	£837.70	£898.5	£848
Gold per oz.	$368.5	+3.0	$488.5	$405.5	$313
Lead Cash	£319.25	—18	£344.25	£366.5	£315
3 months	£332.25	—15	£350.85	£377.25	£327.70
Nickel	£3926	—	£3,379.5	£3926	£3737.75
Free Markets c.i.f. lb.	245/275c	—5	290/305c	265/285c	245/275c
Platinum per oz.	£260	—	£213.60	£260	£260
Free Market per oz.	£128.35	+3.85	£217.75	£201.60	£168.30
Quicksilver (76lbs)	$375/385	—	$415/490	$415/420	$350/360
Silver per oz.	427.70p	+5.95	516.55p	467.25p	386.60p
3 months per oz.	441.50p	+5.55	530.50p	483.15p	397.40p
Tin cash	£7147.5	—20	£6089.5	£8980	£6845
3 months	£7379.5	+4.5	£6142.5	£8152.5	£6946
Tungsten lb0	$120.32	—	$147.64	$104.48	$120.02
Wolfram 22.04 lb.	$102/107	—1	$144.5/47.5	$128/102	$102/107
Zinc cash	£418.25	—9.5	£372.25	£463.75	£403.5
3 months	£410.25	—5.5	£300.25	£469.25	£409
Producers	$800/900	—	$875	$950	$860/900
GRAINS					
Barley Futures	£105.50	+0.20		£111.80	£102.50
Maize French	£135.5	—	£128.0	£134.00	£151.50
WHEAT Futures	£123.45t	+2.5		£121.05	£111.70
Hard Winter Wheat			£106.5	£123.45	£115.00
SPICES					
Cloves (o)	£5,550x	—	£4,500	£0,560	£8,400
Pepper, white	$1,900x	—	$2,000	$2,000	$1,900
black	$1,450x	—	$1,425	$1,475	$1,400
OILS					
Coconut (Philippines)	$500y	—20	$550	$550	$475
Groundnut §	$580x	+20		$715	$620
Linseed, Crude		—	£406	£430	£425
Palm Malayan	$502.5u	—	$577.5	$545	$490
SEEDS					
Copra (Philippines)	$330x	—10	$375	$356	$325
Soyabeans (U.S.)	$259.75	—0.75	$316	$275	$253
OTHER COMMODITIES					
Cocoa Shipments §	£1,011	—32	£1,058	£1,276	£968
Cocoa Futures May	£948.5	—9	£997.5	£1,223.5	£948.5
Coffee Futures July	£1,151.5	—37	£1069	£1,553.5	£1,151
Cotton Index	71.20c	+0.15	88.15c	71.20c	57.80c
Des. Coconut	£500		£690	£540	£500
Gas Oil Fut. May	$278	+4.5	$214	$325	$255.25
Jute LI ABW C grade	£288x		$294.75	£202	£283
Rubber kilo	55.75p	+2.75	62.5p	57.5p	43p
Sago Pearl	£225x	—	£210	£226	£220
Sisal No. 3L	$640/650x	—	$730	$640/550	$540
Sugar (Raw)	£142xu	—3	£190	£177	£141
Tapioca No. 1	£220x	—	£215	£225	£215
Tea (quality) kilo	†	—	1200	125p	117p
(plain) kilo	†	—	640	80p	80p
Wooltops 64s Warp	394p kilo	—	395p kilo	394p kilo	375p kilo

† Unquoted. (o) Madagascar. (t) July. (u) June. (w) May. (z) Sept. (v) May-June. (x) April-May. (y) March-April. * Nominal. § Ghana cocoa.

BASE METALS

BASE-METAL PRICES were mixed on the London Metal Exchange. COPPER, initially firm on the strikes at Cuajone and Toquepala in Peru, succumbed to substantial selling from two sources and dipped to £893.5 before closing at £895. TIN was quietly steady at £7,382.5 while the narrowing of the contango following good demand for cash material left three months ZINC at £420.5 at the close. Commission House selling lowered LEAD to £333.25. ALUMINIUM and NICKEL were finally £591.25 and £3115 respectively.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
High Grade				
Cash	868.5	+.25	867.5	—1.5
3 mths	895.5-7	.....	895.5-6	—2
Settlem't	868.5	.....	—	.....
Cathodes				
Cash	862.5-3	.....	862.5	—1.75
3 months	881-2	—.25	890-2	—2.25
Settlem't	863	.....	—	...
U.S. Prod.	—	—	*74.8	...

Amalgamated Metal Trading reported that in the morning three months higher grade traded at £893.50, 93.00, 93.50, 98.00, 97.00, 97.50, 97.00, 96.50, 97.00, 96.50. Cathodes, cash £862.00, 62.50. Kerb: Higher Grade: Three months £897.00, 97.50. Afternoon: Higher Grade, three months £896.00, 95.50. Kerb: Higher Grade, three months £895.50, 95.00, 95.50, 96.00, 97.00, 98.00, 98.50, 99.00, 98.50. Turnover: 25,575 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	7125-30	+10	7145-50	—9.5
3 months	7370-80	—32.5	7389-90	—17
Settlem't	7130	+10	—	.....
Standard				
Cash	7125-30	—19	7145-50	+8.5
3 months	7365-70	—25	7379-80	—17
Settlem't	7130	—10	—	.....
Straits E.	7829.40	—0.04	—	.....
New York	—	.....		

Tin—Morning: Standard, cash £7172, three months £7350, 65, 70, 60. Kerb: Standard, three months £7370, 75, 80. Afternoon: Standard, three months £7370, 65, 59, 70, 80, 75, 80. Kerb: Standard, cash £7145, three months £7375, 80. Turnover: 2240 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	320.5-1	—.5	319-.5	—4.25
3 months	334-.5	—.5	332-.5	—4.5
Settlem't	321	—.5	—	...
U.S. Spot	—	...	*26-30	.....

Lead—Morning: Three months £335.50, 36.00, 35.50, 35.00, 34.50, 34.00. Kerb: Three months £334.00, 33.00, 33.50, 33.00, 32.00, 32.50, 33.00. Afternoon: Cash £318.50, 18.50, three months £333.00, 32.50, 32.00, 31.50, 32.0, 33.00, 32.50, 32.00, 32.50. Kerb: Three months £332.00, 33.00. Turnover: 21,475 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	419-20	+8.75	419-.5	+7.25
3 months	419.5-20	+8.5	419-.5	—5.5
S'ment	420	+9	—	.....
Primw'ts	—	.....	*36	.....

Zinc—Morning: Cash £416.00, 19.00, three months £416.00, 17.00, 17.50, 18.00, 19.00, 18.00, 20. Kerb: Three months £418.00. Afternoon: Cash £418.00, three months £417.00, 18.00, 19.00, 20.00, 19.50, 19.00, 19.50. Kerb: Three months £420, 20.5. Turnover 9,725 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	571-2	—1.25	568-0	—4
3 months	593-.5	—2	590-1	—4.25

Aluminium—Morning: Three months £594.5, 94.00, 93.50, 93.00, 93.50. Kerb: Three months £593.00. Afternoon: Three months £593.00, 93.50, 93.00, 92.00, 92.00, 91.50, 91.00. Kerb: Three months £591.00, 90.00, 91.00. Turnover 7,375 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3072-5	—14	3060-5	—2.5
3 months	3125-30	—10	3110-4	—10.5

* Cents per pound. ‡ M$ per kilo. † On previous official close.

Nickel—Morning: Three months £3,130. Afternoon: Three months £3,125, 20, 15, 14, 11. Kerb: Three months £3,115. Turnover 691 tonnes.

SILVER

Silver was fixed 1.55p an ounce higher for spot delivery in the London bullion market yesterday at 427.7p. U.S. cent equivalents of the fixing levels were: spot 751.5c, up 3c; three-month 773.7c, up 2.6c; six-month [illegible], up 3.4c; and 12-month [illegible]. The metal opened at 428-431p [illegible] and closed at 424-427p (743-734c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	427.70p	+1.55	425.3p	—2
3 months	441.50p	+1.95	430.55p	—2.55
6 months	455.60p	+2.55	—	.....
12 months	482.90p	+2.50	—	.....

LME—Turnover 135 (141) lots of 10,000 oz. Morning: three months 442.5, 42.0, 42.3, 43.6, 43.5. Kerb: untraded. Afternoon: three months 440.0, 39.5. Kerb: untraded.

COCOA

Futures initially eased on jobber and commission house selling and further weakened following a lower USA grind figure for the first quarter of the year to trade at 10 month lows. Actuals business was scarce, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
April	912-57	—15.5	—
May	948-49	—25.0	971-43
July	985-86	—26.5	1006-979
Sept	1012-14	—31.0	1041-12
Dec	1056-58	—26.5	1082-55
March	1088-90	—22.0	1105-88
May	1113-14	—16.5	1124-09
July	1129-31	—16.0	1130-55

Sales: 2,787 (1,832) lots of 100 tonnes.

ICCO—Daily price fob April 16: 78.48 (80.72). Indicator price for April 16: 78.50 (78.15).

COFFEE

Short-covering ahead of the weekend fuelled a steady opening in quiet conditions, reports Drexel Burnham Lambert. Switch trading was the main feature while persistent commission house selling gradually prevailed over trade buying.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
May	1218-20	—22.0	1238-18
July	1151-52	—22.0	1181-50
Sept	1129-23	—24.0	1150-21
Nov	1116-18	—10.0	1140-16
January	1110-12	—21.0	1135-14
March	1100-07	—31.5	1120
May	1097-00	—30.5	—

Sales: 3,407 (2,323) lots of 5 tonnes.

ICO Indicator prices for April 15: (U.S. cents per pound): Comp. daily 1979 124.17 (123.96); 15-day average 122.90 (123.26).

GAS OIL FUTURES

Prices were steadier in listless trading to reflect a firmer physical market. Rumours from the Falklands and some profit-taking pushed the market down and the move was continued on the New York opening, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
April	277.50	.....	279.00-76.50
May	278.00	—0.75	282.00-76.00
June	277.25	—1.00	281.50-77.25
July	277.75	—0.75	281.50-77.75
August	280.25	—1.50	285.00-80.00
Sept.	280.25	.....	287.25-84.75
Oct.	285.00	—2.50	288.00
Nov.	289.25	—2.75	—
Dec	292.00	—1.50	—

Turnover: 1,820 (2,236) lots of 100 tonnes.

GRAINS

Old crops opened higher, new crops unchanged. Shipper buyer against scale-up country selling of old crop wheat provided most of the day's activity. New crops found little interest, Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yest'rd'ys close	+ or —
May	119.80	+0.50	115.00	+0.25
July	123.45	+0.55	—	—
Sept.	107.80	—0.19	103.05	—0.10
Nov.	111.55	—0.15	107.50	—0.10
Jan.	115.50	—0.10	111.55	—0.05
Mar.	119.25	—0.20	115.00	—0.20

Business done—Wheat: May 119.85-19.05, July 123.50-122.65, Sept 107.85-107.60, Nov 111.70 only, Jan 115.55 only, Mar 118.55 only. Sales: 200 lots of 100 tonnes. Barley: May 112.30-111.95, Sept 103.75-103.60, Nov 107.55-107.50, Jan 111.50 only, Mar 115.10 only. Sales: 154 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent May 118.50, June 117.75, July 117.50 transhipment East Coast sellers. English Feed fob Sept 111.00 East Coast, Oct/Dec 115.50 East Coast sellers. Maize: French second half April 136.50 transhipment East Coast seller. S. African White/Yellow May/June 90.50 seller. Barley: English Feed fob April 116.00 South Coast, May 117.50 East Coast, June 118.25 East Coast sellers. Rest unquoted.

RUBBER

The London physical market opened about unchanged, attracted little interest through the day and closed quietly steady. Lewis and Peat recorded a May fob price for No. 1 RSS in Kuala Lumpur of 207.75 (307.5) cents a kg and SMR 20 121.0 (same).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
May	56.80-57.50	55.80-56.70	56.10
June	57.10-58.00	56.70-57.50	58.00-57.70
Jly-Sept	58.50-59.40	58.20-58.30	59.10-57.60
Oct-Dec	59.60-59.40	59.20-59.50	60.00-59.70
Jan-Mar	60.60-60.70	60.40-60.50	61.40-00.65
Apl-Jne	62.00-62.10	61.60-62.00	62.70-62.00
Jly-Sept	63.40-63.60	63.30-63.40	64.20
Oct-Dec	64.90-65.00	64.80-65.00	65.70-64.50
J'n-Mch	66.50-66.60	66.40-66.50	67.50-66.60

Sales: 1,238 (585) lots of 15 tonnes, 85 (7) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 55.75p (55.00p); May 52.00p (53.00p); June 53.75p (same).

SOYABEAN MEAL

The market opened with small losses in quiet conditions, reports T. G. Roddick. Prices continued under pressure from commission house selling.

	Yesterdys Close £ per tonne	+ or —	Business Done
April	139.80-45.9	—0.25	143.00
June	135.60-35.7	—1.05	138.50-35.00
August	135.70-36.0	—0.55	166.40-36.10
October	160.80-37.0	—0.60	157.40-37.00
Dec	138.50-40.5	—0.60	136.70
Feb	141.80-42.5	—0.50	142.30-42.20
April	142.50-45.8	—0.50	—

Sales: 314 (287) lots of 10 tonnes.

AMERICAN MARKETS

Monday's closing prices

NEW YORK, April 15.

PRECIOUS metals sold off on a lack of fresh news concerning the escalation of tensions. Copper was supported by trade buying on reports of further mine closures. Coffee was helped by short-covering following recent sharp declines. Sugar was under pressure due to a lack of interest in the cash and in response to a lack of further Argentinian news. Heating oil was lower on further profit-taking by commission houses, reported Heinold.

††Cocoa—May 1622 (1670), July 1651 (1673), Sept 1694, Dec 1745, March 1795, May 1825, July 1863. Sales: 1,272.

Coffee—"C" Contract: May 128.75 (127.57), July 123.75-124.00 (127.40), Sept 120.61-120.75, Dec 115.10, March 117.00, May 116.00-116.00, July 114.50-116.50, Sept 114.00-118.50. Sales: 2,470.

Copper—April 79.40 (79.40), May 79.50-79.95 (69.85), June 70.90, July 71.50-71.95, Sept 73.60, Dec 75.70, Jan 76.25, March 78.40, May 80.00, July 81.80, Sept 82.30, Dec 85.50, Jan 86.25. Sales: 5,000.

Cotton—No. 2: May 68.28-68.35 (66.10), July 68.30 (68.13), Oct 70.85-70.95, Dec 72.15-72.30, March 73.95-74.01, May 75.05-75.35, July 75.05-76.50, Oct 75.05-77.00. Sales: 3,750.

*Gold—April 365.5 (389.7), May 367.8 (372.2), June 371.3-372.0, Aug 380.8-381.0, Oct 389.5, Dec 397.5, Feb 406.4, April 415.0, June 425.0, Aug 434.6, Oct 444.4, Dec 454.2, Feb 464.1.

Orange Juice—May 117.45 (118.70), July 120.35-120.45 (116.45), Sept 122.50, Nov 124.00-124.18, Jan 125.60-125.80, March 127.15-127.25, May 128.65-129.00, July 130.15-130.50, Sept 131.65-132.00. Sales: 1,000.

*Platinum—April 354.5 (364.0), July 361.5-362.5 (368.4), Oct 370.1, Jan 382.4, April 394.7.

Potatoes (round whites)—Nov 78.5 (78.2), Feb 89.0 (88.4), March 90.5, April 102.5-102.9. Sales: 151.

§Silver—Nov 1840.0-1845.0 (1864.0), Dec 1850.1-1857.0 (1875.0), Jan 1877.3, March 1930.0-1935.0, May 1983.0, July 2038.0, Sept 2088.0, Dec 2169.0, Jan 2195.5, March 2249.5, May 2303.5, July 2357.3, Sept 2411.5. Sales: 4,000. Hendy and Harman bullion spot: 756.50 (758.00).

Sugar—No. 11: May 10.21-10.24 (10.31), July 10.43-10.45 (10.57), Sept 10.74, Oct 10.83-10.94, Jan 11.24, March 11.78-11.82, May 12.00-12.02, July 12.30. Sales: 9,010.

Tin—583.00-586.00 (same).

CHICAGO, April 15.

Chicago Imm Gold—June 371.8-372.0 (376.0), Sept 384.8-384.9 (388.8), Dec 397.4, March 410.4, June 423.7, Sept 437.3.

Lard—Chicago loose 20.50 (20.25).

Live Cattle—April 71.50-71.35 (71.67), June 67.15-67.25 (67.90), Aug 63.20-63.20, Oct 61.50-61.80, Dec 62.50-62.55, Feb 62.60, April 62.85.

Live Hogs—April 52.97-53.00 (53.35), June 56.65-56.75 (57.20), July 57.45-57.60, Aug 58.70-58.75, Oct 54.75, Dec 55.40, Feb 53.15, June 51.50.

‡‡Maize—May 280-279¾ (280), July 290-290¼ (290¼), Sept 292½, Dec 297¼-297½, March 310¼, May 318.

Pork Bellies—May 77.40-77.55 (79.05), July 76.90-76.75 (78.47), Aug 73.95-73.90, Feb 70.65-70.50, March 71.15, May 71.65, July 72.65.

†Soyabeans—May 649½-650 (651½), July 659-661 (665), Aug 663, Sept 664, Nov 668-669, Jan 681, March 695, May 706, July 718.

||Soyabean Meal—May 188.3-188.9 (189.51), July 191.3-191.5 (192.3), Aug 192.00-192.5, Sept 194.0-194.5, Oct 194.5-195.0, Dec 196.3-197.0, Jan 198.5-198.7, March 204.5-205.0, May 206.0-207.0.

Soyabean Oil—May 18.57-18.58 (19.66), July 20.15-20.18 (20.24), Aug 20.45-20.43, Sept 20.75, Oct 20.25, Dec 21.15-21.25, Jan 21.35, March 21.70-21.75.

†Wheat—May 379-378½ (372¼), July 387-386½ (392¼), Sept 398½-400½, Dec 417-417½, March 432, May 437.

WINNIPEG, April 15.

§Barley—May 125.00 (124.80), July 128.00 (126.90), Oct 125.10, Dec 130.20, March 131.50.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 224.79 (224.84).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ‡ Cents per troy ounce. †† Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

INDICES

FINANCIAL TIMES

April 15	April 14	Month ago	Year ago
245.34	245.30	244.45	261.29

(Base: July 1, 1952=100).

MOODY'S

April 15	April 15	Month ago	Year ago
1000.5	1002.9	991.0	1112.2

(December 31, 1931=100)

DOW JONES

Dow Jones	April 13	April 14	Month ago	Year ago
Spot	127.59	128.17	124.02	408.12
Fut'rs	132.36	132.72	128.39	418.15

(Base: December 31 1974=100)

REUTERS

April 16	April 15	M'nth ago	Year ago
1616.3	1614.8	1585.2	1689.5

(Base: September 18, 1931=100)

SUGAR

LONDON DAILY PRICE—Raw sugar £142.00 (same) a tonne cif April-May-June shipment. White sugar daily price £183.00 (£184.00).

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
May	144.50-44.40	148.25-48.30	148.75-45.70
Aug	144.50-46.55	152.50-52.60	153.00-47.20
Oct	153.25-55.55	157.90-57.50	158.00-55.00
Jan	157.00-57.50	160.50-61.75	160.50-58.00
March	165.55-65.75	167.50-67.75	167.75-65.25
May	166.75-67.00	170.25-70.50	166.50-66.25
Aug	170.50-72.50	174.00-74.75	171.00

In spite of good demand for physical raw sugar for world destinations the overnight weaker tone continued for all positions to trade at new life-of-contract lows. Rumours of the withdrawal of Argentine troops from the Falkland Islands and the subsequent improvement in sterling might have aided the weaker sentiment, reports C. Czarnikow.

Sales: 3,772 (3,374) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £250.00 (same) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for April 15: Daily price 10.09 (same); 15-day average 10.45 (10.52).

Stock Exchange dealings

The list below, restricted mainly to equities and convertible stocks, has been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. It shows prices at which business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman checking system.

The prices are not in order of execution, but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business done during the previous three business days is given with relevant dates appended. The number of bargains done on Thursday in each section is shown against the respective sub-headings. Unless otherwise indicated the shares are 25p fully-paid.

‡ Bargains at special prices. Δ Bargains done with a non-member or executed in overseas market. ◊ Bargains done previous day. $A—$Australian; $B—$Bahamian; $C—$Canadian; $HK—$Hong Kong; $J—$Jamaican; $Ma—$Malayan; $Me—$Mexican; $NZ—$New Zealand; $S—$Singapore; $US—$United States; $WI—$West Indian.

BANKS, DISCOUNT (418)

Alexanders Discount (£1) 202 7
Algemene Bank Nederland (Fl 100) 61 ½ (8/4)
Allied Irish Banks (I£0.25) I£0.94 p 77. 10pcLn 1985 90 (13/4)
Ansbacher (Henry) Hldgs (5p) 11¼. New (5p) (Fp.PAL-28.5.82) 12¼ (14/4). New (5p) (Nil Pd-27/4/82) 1½ ¼ 2 ¼
Australia New Zealand Bank Group ($A1) 225 6 30
Bank of Ireland (Governor and Co of) (I£1) I£2½ p200
Bank of Montreal ($C2) 9⅞ 40
Bank of New South Wales ($A1) (Lon. Reg.) 165
Bank of Scotland (£1) 335 8 400
Barclays Bank (£1) 437 8: 8 40 2 3
Brown Shipley Hldgs (£1) 227
Canadian Imperial Bank of Commerce ($C2) 11⁵⁄₁₆
Cater Allen Hldgs (£1) 300
Charterhouse Group 78 9 80
Clive Discount Hldgs (20p) 25 6
Commerzbank Ag DM50 (Cpn. 41) 36.2 (13/4). Cdbr (Ss. Warburg) DM10 7 15 (13/4)
Deutsche Bank AG DM50 (Cpn. 37) 87¼ (13/4)
Gerrard National 250
Gillett Bros. Discount (£1) 135 (14/4)
Grindlays Hldgs. 162 3 5
Guinness Peat Group 68 9 70 1 2
Hambros (5p) 127 8 39
Hill Samuel Group 154
Hong Kong Shanghai Bkg. Cpn. ($HK2.50) 135 44 5 6 7
Jessel Toynbee 59
King Shaxson (20p) 76
Kleinwort Benson Lonsdale 234 6 40
Lloyds Bank (£1) 407 8 10: 10 2 3 5 6:. 7½pcCnv.SuberdUns.Ln. 1994 116½ 7 8
Mercury Securities 216
Midland Bank (£1) 305 5 7 8 9 19 1: 2. 7½pcCnv.Subord.Uns.Ln. 1983-93 65 ½ 6 ½
Minster Assets 69½ 70 ½ 1½ 2:
National Bank of Australasia ($A1) 147 51 2
National Westminster Bank (£1) 403 4 5 6 7 8 19 5
Ottoman Bank (Br.) (£20 with £10 Pd) (Cpn. 109) $84 £59 (14/4)
Rea Bros. 65 (14/4)
Royal Bank of Canada ($C1) 10⅝
Royal Bank of Scotland 99 100 1 2 3 6:
Schroders (£1) 420 6
Smith St. Aubyn (Hldgs.) 34 6 7
Standard Chartered Bank (£1) 638 9 40 3 5
Toronto-Dominion Bank ($C1) 13¼ (8/4)
Union Discount Co. of London (£1) 415 20
Wintrust (20p) 174 (13/4)

BREWERIES (245)

Allied-Lyons 73½ 80: 1 ½ 2: 2 ½ 3: 3
Amalgamated Distilled Products (10p) 81. 9pcLn. 163
Bass 213 4 5 6 7 8
Belhaven Brewery Grp. 15 7

[illegible]

COMMERCIAL (5,401)

A—B

Artington Motor Hldgs. 62
Armstrong Equipment PLC (10p)
Arrow Chems. Hldgs. 31
Ash and Lacy 295 300 (13/4)
Ashley Industrial Tst. 35 (14
Assctd. Book Publishers (20p) 4)
Assctd. British Eng. (12½p) 27
Associated British Foods (5p) 12
Associated Communications Corp 109 1
Associated Dairies Grp 122 3 4
Associated Fisheries 87 8 9
Associated Leisure (5p) 104 5
Associated Newspapers Grp 208
Associated Paper Ind 62
Associated Sprayers (10p) 240
Astbury & Madeley (Hldgs) (20p)
Astra Ind Grp (10p) 12 ¼
Atkins Bros (Hosiery) 71
Attwoods 76. New (Fp/RC-7/
(14 4)
Audio Fidelity (10p) 19 (14/4)
Audiotronic Hldgs (10p) 4¼ (13/4)
Ault & Wiborg Grp 30 1 2 (14/4)
Aurora Hldgs 12 4 ½ 5 7. 8pc Rd Prf (£1) 31 (14/4). 3.25pc Rd Prf (£1) 32
Austin F. (Leyton) (10p) 5½ ¼
Automated Sec Hldgs (10p) 208 Cnv Uns Ln 90/95 182 (14/4)
Automotive Pdts 53 4
Avana Grp (5p) 250 2
Avon Rubber (£1) 970
B.A.T. Ind 395 8 7 8 0 400: 40 5 7
BBA Gp 32 4
BICC (50p) 310 1 2 3 5 7 8 2
BL (50p) 15 6 7. 7¼pc Ln 82/
BOC Grp 160 12 34. 0pcLn 129½ 30: 11½
BPB Industries PLC (50p) 400
B.S.G. Intnl PLC (19p) 12½ 3
BSR PLC (10p) 69 9
BTR 332: 2 3 4 5 8 7: 7
Babcock Intnl. 109: 9 10 ½ 1½
Bailey (C. H.) (10p) 6 (14/4)
Baird (William) PLC (£1) 208 10
Baker Intnl. Corp. ($1) £15¼
Baker Perkins Hldgs. PLC (50p) 1
Bakers Household Stores (Leeds) 132
Bambers Stores PLC (10p) 34 5 0
Bardsey PLC (10p) 16. 7pcCnv. 55
Barget 140
Barker Dobson Grp 5½ 8 ¼ ½
Barlow Rand (R0.10) 395
Barlows PLC (£1) 130 5 (14/4)
Barr (A. G.) 225
Barr and Wallace Arnold Tst. A 48
Barratt Developments (10p) 260 5 6
Barrow Hepburn Grp. 34 5
Barton Grp. 29½ 30 1
Bassett (Geo.) Hldgs. 64
Bath Portland Grp 75 8: 7
Baileys of Yorkshire (10p) 68
Baynes (Charles) PLC (10p) 30
Beales (John) Assctd. Cos. (20p)
Beatson Clark 203 4 5 8
Beattie (James) A Rst.V. 120

[illegible]

C—D

[illegible]

Dew (George) 127 (14/4)
Dewhirst (I. J.) (10p) 56 7 0
Dewhurst & Partner A non-vtg. 11 (8/4)
Dewhurst Dent (20p) 7½ (14/4)
Dinkie Heel (5p) 7½
Diploma (10p) 226
Dixons Photographic (10p) 164
Dixor-Strand (5p) 22 (8/4)
Dobson Park Industries (10p) 83 ½ 4½
Dom Hldgs. (10p) 68 (8/4)
Douglas (Robert M.) 540 70
Downs Surgical (10p) 24
Dowty Group (50p) 117 8 9 20
Dowding and Mills (10p) 33 ½
Drake and Scull Hldgs (5p) 56 ½ 7 ½ 8
Dreamland Electrical Appliances (10p) 16 (14/4)
Dubilier (5p) 68 0 70 1
Ductile Steels 112
Dufay Bitumastic (10p) 41
Dunbee-Combex-Marx (10p) 2 3. 11¼pcPf (£1) 140

[illegible]

E—F

[illegible]

G—H

[illegible]

I—J—K

[illegible]

Ingall Industries (10p) 44 (14/4)
Ingram (Harold) (10p) 19 (14/4)
Initial 265 4 5 6
Inter-City Inv. Grp. (20p) 46 ½ 7 ½ 8: 8 ½ 9 ½ 50: 58
Intnl. Paint 222
Intnl. Stand. Electr. Corp. 5½pcLn. 58 (8/4)
Intnl. Tel. and Tel. Corp. ($1) 14⅛ (14/4)
Intnl. Thomson Orgn. 268 72
Intnl. Timber 76
Isle of Man Enterprises (20p) 43 (13/4)
J.B. Hldgs. (10p) 148 50 2 4 6 6 9 60
Jackson (J. and H. B.) (5p) 6 2
Jacksons Bourne End 145 9: 50:
James (Maurice) Industries (10p) 24½ 5
Jamesons Chocolates (10p) 53 (8/4)
Jarvis (J.) and Sons 280 3 8
Jeavons Engineering 54
Jenks and Cattell 39 (8/4)
Jerome (S.) and Sons (Hldgs.) 81 (8/4)
Johnson and Firth Brown 12 ½ 3 ½: 4 ½
Johnson Grp. Cleaners 196 9

[illegible]

L—M

[illegible]

N—O—P

[illegible]

Q—R—S

Queens Moat Houses (nil pd 29/4)
Quest Automation
Quick (H. and J.)
RFD Group (10p)
RHP Group 60
RMC Group 218
Racal Electronics 5 6 7 8
Radiant Metal Finishing
Rank Hovis McDougall
Rank Org 176
Ransomes Sims
Ratcliffe (Great Bridge)
Ratcliffe (F. S.)
Ratners (Jewellers)
Raybeck (10p)
Readicut Intl (5p)
Reckitt and Colman
Redfearn National Glass
Rediffusion 226
Redland 174 5
Redman Heenan
Reed (Austin) Grp
Reed Executive
Reed International
Reliance Knitwear
Relyon P.B.W.S.
Renold (£1) 39
Rentokil Group
Renwick Group (£1) 255 6 (14/4)
Restmor Group
Rexmore 18½ 107 (14/4)
Ricardo Consulting Engineers
Richards (10p)
Richardsons Westgarth
Riley Leisure
Roberts Alard
Robinson (Thomas) and Son
Rock Darlaston
Rockware Group
Ropner A Non-V 16/4/82
Rotaprint 120p
Rothmans International 7 ½ 8½
Rotork (10p)
Rowan and Boden
Rowntree Mackintosh
Rowton Hotels
Royal Worcester
Ruberoid 135
Rugby Portland Cement

[illegible]

T—U—V

[illegible]

W—Y—Z

[illegible]

FINANCIAL TRUSTS (180)

[illegible]

INSURANCE (279)

[illegible]

INVESTMENT TRUSTS (308)

[illegible]

UNIT TRUSTS (3)

[illegible]

MINES—Miscellaneous (187)

[illegible]

MINES—South African (95)

[illegible]

OIL (507)

[illegible]

PROPERTY (285)

[illegible]

PLANTATIONS (24)

RAILWAYS (5)

SHIPPING (76)

UTILITIES (15)

UNLISTED SECURITIES MARKET (141)

RULE 163 (1) (e)

Bargains marked in securities which are quoted or listed on an Overseas Stock Exchange.

RULE 163 (2) (a)

Applications granted for specific bargains in securities not listed on any Stock Exchange.

RULE 163 (3)

Dealings for approved companies engaged solely in mineral exploration.

Exeter Building & Construction Grp (50p) 190 (14/4)
Fleet Street Letter (5p) 93
Floyd Oil Participations (10p) 73 (14/4)
Fuller Smith & Turner (£1) 445 (14/4)
Gas & Oil Acreage (20p) 380
Greenwich Cable Communications 51
Hardanger Properties (10p) 118 7 8
Hartons Grp (8p) 4½ (14/4)
Harvey & Thompson (20p) 38
Hayters (£1) 168 (13/4)
Healamat Hldgs (10p) 66
Healamat Hldgs (10p) 45
Humberside Electronic Controls (10p) 200
ICC Oil Services (10p) 15 (15/4)

Coles (G. J.) 124 (14/4)
Conex Australia 2½ 35/84
Cons Gold Mining Areas 3 (8/4)
Cons Modderfontein 98 US$1.68
Cons Res 5½ ¼ ½ 4 (13/4)
Coseka 200 (13/4)
Cultas Pacific 21½ 2 ½ 3½
Denison Mines 050
Devp Bank Singapore 202 (13/4)
Digital Equipment £45½
Double Eagle 41 9 (14/4)
Du Pont (E. I.) de Nemours £20½ (13/4) (15/4)
E2 Inds 190
Eagle Corp 17½
Emerson Electric £27⅞ (13/4)

Shell Canada A 715 (8/4)
Sielon (H. C.) 43 (6/4)
South African Manganese 115 10
Southern Pacific Pets. 13 14 15
Spargo 12
Standard Oil of California US$30¼ £18 (14/4)
Standard Oil of Indiana US$41⅝ (13/4)
Strata Oil 28 (8/4)
Strata Oil Options 5¼ (14/4)
Storts Meadow Props. 48 (14/4)
San Hong Kai Props. 82 (8/4)
Swan Resources 27½ (14/4)
Swire Pacific A 105 ½ 6 ½
Swire Props. 81½ 2 ½ 3 ½
Target Pets. (A$0.15 pd.) 11½-12

Atlantic Resources (Ir£0.25) 148
Berkeley Exploration and Production 245 9 53 7
Caledonian Offshore 95
Energy Sources (N. Ireland) 8 0 (14/4)
Gaelic Oil (Ir£0.20) 05
Marinex Petroleum 02 3 5 100
Moray Firth Exploration 100p Paid 25
Osprey Petroleum 60
Steaua Romana (British) 35 (14/4)
Steaua Romana (British) Dfd. 35 (14/4)
Sun Oil (UK) Oil Royalty Stk. 140

(By permission of the Stock Exchange Council)

MONEY MARKETS

London clearing bank base lending rate 13 per cent (since March 12)

The Bank of England gave assistance of £614m to meet a shortage of credit in the London money market yesterday. In the morning it bought £584m of bills, comprising £17m of eligible bank bills in band 1 (up to 14 days) at 13⅛-13¼ per cent and in band 2 (15-33 days) £220m at 13-13 1/16 per cent. In band 3 (34-63 days) it bought £18m of Treasury bills and £14m of local authority bills all at 12⅞ per cent and £112m of eligible bank bills at 12⅞-13 per cent. In band 4 (64-84 days) it bought £203m of eligible bank bills at 12 27/32-13⅛ per cent. Further assistance was given in the afternoon when the Bank bought £30m of eligible bank bills in band 4 at 12 27/32-13 per cent. The Bank gave a forecast of a shortage of £600m with factors affecting the market including bills maturing in official hands −£445m, Exchequer transactions −£20m and a rise in the note circulation of £170m.

The market's reluctance to take on long paper was reflected in the results of the weekly Treasury bill tender when the Bank allotted only £60m of the £100m of Treasury bills on offer. Applications at all levels totalled £255.75m. This cut-off also had the effect of keeping interest rates from rising too high.

EXCHANGES AND BULLION

Rumours of new peace proposals to the Falkland Islands crisis pushed sterling firmer in the last hour of trading yesterday. Business for the rest of the day had been distinctly quiet. The dollar showed little change with the market awaiting U.S. money supply figures. This week's figures are expected to reflect the beginning of the April "bulge" in money supply growth.

Sterling traded between $1.7550 and $1.7575 until late afternoon when it touched a peak of $1.7650 before closing at $1.7605-1.7615, a fall of just 10 points. Its trade-weighted index rose to 90.3 from 89.9, having stood at 90.0 at noon and the opening. Against the D-Mark it slipped to DM 4.2675 from DM 4.2725 and SwFr 3.48 from SwFr 3.4825. It was unchanged against the French franc at FFr 11.0950. The dollar closed at DM 2.4215 from DM 2.4235 and SwFr 1.9760 from SwFr 1.9750. Against the yen it fell to Y247.7 from Y248.25 and the dollar's index fell from 116.5 to 116.3.

Gold fell $¾ an ounce in very quiet trading to close at $362-$363.

THE POUND SPOT AND FORWARD

April 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7550-1.7650	1.7605-1.7615	0.28-0.38c dis	−2.25	0.78-0.88dis	−1.88
Canada	2.1440-2.1540	2.1485-2.1495	0.35-0.45c dis	−2.23	1.10-1.20dis	−2.14
Nethlnd.	4.71½-4.75	4.72½-4.73½	2¼-1⅞c pm	5.07	6⅝-6⅛ pm	5.39
Belgium	80.40-80.90	80.50-80.60	20-36c dis	−4.10	75-95 dis	−4.22
Denmark	14.45-14.50	14.46½-14.47½	7½-8¾ore dis	−6.43	17-18½ dis	−4.89
Ireland	1.2300-1.2360	1.2335-1.2350	0.62-0.74p dis	−6.61	1.81-1.93dis	−6.06
W. Ger.	4.25-4.28½	4.26¼-4.27¼	1⅝-1½pf pm	4.22	6⅛-4⅞ pm	4.57
Portugal	126.75-129.00	127.50-128.50	160-380c dis	−25.31	780-990dis	−27.66
Spain	187.40-188.20	187.60-188.00	70-100c dis	−5.43	195-240 dis	−4.63
Italy	2,341-2,365	2,348½-2,360½	18-21 lire dis	−9.96	57-62 dis	−10.13
Norway	10.74-10.80	10.77½-10.78½	5½-6½ore dis	−6.82	8½-9½ dis	−3.32
France	11.07-11.12	11.09-11.10	6-9c dis	−8.11	22-25 dis	−8.47
Sweden	10.50½-10.51½	10.50-10.51	¼ore pm-par	0.43	2⅝-1⅞ pm	0.83
Japan	434-438	436-437	2.45-2.25y pm	6.46	7.45-7.25 pm	6.73
Austria	29.90-30.05	29.97-30.02	13-9gro pm	4.40	37-29 pm	4.40
Switz.	3.46½-3.49½	3.47½-3.48½	2⅞-2⅝c pm	9.05	7½-7 pm	8.33

Belgian rate is for convertible francs. Financial franc 89.35-89.45. Six-month forward dollar 1.35-1.45c dis, 12-month 2.10-2.25c dis.

GOLD

	April 16		April 15	
Gold Bullion (fine ounce)				
Close	$362-363	(£205¼-205¾)	$365¼-365¾	(£206½-207)
Opening	$365-366	(£207½-208)	$364-366	(£207-207½)
Morning fixing	$363.75	(£206.794)	$362.50	(£206.060)
Afternoon fixing	$362.75	(£206.348)	$363.25	(£206.921)
Gold Coins				
Krugerrand	$372¼-373¼	(£211¼-211¾)	$373¼-374¼	(£212-212¾)
1/2 Krugerrand	$182-193	(£109-109½)	$192½-193½	(£109¼-110)
1/4 Krugerrand	$98-99	(£55½-56¼)	$98-99	(£55¾-56¼)
1/10 Krugerrand	$40-41	(£22¾-23¼)	$40-41	(£22¾-23¼)
Mapleleaf	$373¼-373¾	(£211¼-211¾)	$373¼-374¼	(£212-212¾)
New Sovereigns	$87¾-88¼	(£49¾-50)	$87¾-88¼	(£49¾-50¼)
King Sovereigns	$101-102	(£57¼-57¾)	$102½-103½	(£58½-59)
Victoria Sovs	$101-102	(£57¼-57¾)	$102½-103½	(£58½-59)
French 20s	$81-81	(£46-51½)	$81-91	(£46-51¾)
50 pesos Mexico	$446-449	(£253¼-254¾)	$448½-451½	(£254¾-256½)
100 Cor. Austria	$351½-354	(£199½-201)	$352½-355	(£200¼-201¾)
$20 Eagles	$442-450	(£252½-255½)	$449-453	(£255-257¼)

EXCHANGE CROSS RATES

April 16	Pound St'rling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1	1.761	4.268	436.5	11.095	3.480	4.730	2350.	5.149	80.55
U.S. Dollar	0.568	1.	2.423	247.9	6.300	1.975	9.686	1334.	1.220	45.74
Deutschemark	0.234	0.415	1.	102.3	2.600	0.815	1.108	550.6	0.504	18.88
Japanese Yen 1,000	2.291	4.034	9.777	1000.	25.42	7.973	10.84	5383.	4.923	184.5
French Franc 10	0.901	1.587	3.846	393.4	10.	3.137	4.265	2118.	1.937	72.60
Swiss Franc	0.287	0.506	1.226	125.4	3.188	1.	1.359	675.1	0.618	23.15
Dutch Guilder	0.211	0.372	0.902	92.22	2.346	0.736	1.	496.7	0.454	17.03
Italian Lira 1,000	0.426	0.750	1.816	185.8	4.722	1.481	2.015	1000.	0.915	34.28
Canadian Dollar	0.465	0.819	1.986	203.1	5.163	1.619	2.201	1093.	1.	37.48
Belgian Franc 100	1.241	2.186	5.298	541.8	13.77	4.320	5.872	2917.	2.668	100.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

April 16	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lire	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	13-13¼	15¼-15½	15½-14½	8⅜-8¾	5¾-4¼	9¼-8⅞	15½-18	18-21	14-15	13½-14	5½-6⅜	20½-22
7 days' notice	13¼-13⅜	15½-15¾	13⅞-14½	8¼-8½	3-3½	9¼-9⅜	18-20	19½-22½	15½-18	14¼-14½	6 7/16-7 1/16	20⅛-22⅛
Month	13⅛-13⅜	15⅜-15⅝	15⅜-15¾	8¼-8 7/16	4⅜-4½	9 1/16-9 3/16	20¼-21¾	22⅝-24¾	17-19	14⅝-14⅞	7-7⅛	20⅝-22⅛
Three months	13⅞-14	15⅜-15⅝	15¾-15⅞	8¼-8 7/16	5 5/16-5 7/16	9 1/16-9 3/16	21¾-23¾	23⅛-24⅞	17¾-18¾	14⅝-14⅞	6 9/16-7 1/16	20¼-21¾
Six months	13 15/16-14 1/16	15⅜-15⅝	16⅛-16½	8¼-8⅜	5⅝-5¾	8 15/16-9 1/16	20¾-21¾	23⅝-24⅝	17-18	14⅝-14⅞	5⅞-7	19½-20¾
One Year	13 15/16-14 1/16	15⅛-15⅜	15½-15⅞	8 1/16-8 3/16	5 1/16-6 1/16	8 15/16-9 1/16	19½-20½	23¼-24⅛	16-17	14⅝-14⅞	6 1/16-6 5/16	17½-18

SDR linked deposits: one month 13⅝-14 per cent; three months 13¾-14⅛ per cent; six months 13⅝-14 per cent; one year 13 23/32-13 29/32 per cent.

ECU linked deposits: one month 14 3/16-14 7/16 per cent; three months 14½-14⅞ per cent; six months 14 9/16-14 13/16 per cent; one year 13⅝-14 per cent.

Asian $ (closing rates in Singapore): one month 15½-15⅝ per cent; three months 15½-15⅝ per cent; six months 15½-15⅝ per cent; one year 15⅝-15¾ per cent. Long-term Eurodollar two years 15¼-15½ per cent; three years 15⅜-15⅝ per cent; four years 15½-15¾ per cent; five years 15½-15¾ per cent nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.

The following rates were quoted for London dollar certificates of deposit: one month 15.15-15.25 per cent; three months 15.05-15.15 per cent; six months 15.00-15.10 per cent; one year 14.95-15.05 per cent.

FT LONDON INTERBANK FIXING (11.00 a.m. APRIL 16)

3 months U.S. dollars		6 months U.S. dollars	
bid 15 1/2	offer 15 5/8	bid 15 1/2	offer 15 5/8

The fixing rates are the arithmetical means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

April 16 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	1-13¾	13⅛-13¾	—	—	8-13½	5-13½	—	—	—
2 days notice	—	—	13-13⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13⅛-13½	13-13⅜	—	—	13½-13¾	13	—	—	—
One month	13⅝-13 11/16	13 9/16-13 11/16	13⅛	14⅛-14	13⅝	14	13¾	13¼-13 7/16	13⅛-13¼	13¾
Two months	13⅞-13 15/16	13 13/16-13 15/16	—	14⅛-14	13⅞	14⅛	12⅞	13⅛-13 3/16	13¼-13 5/16	13⅞
Three months	14-13¾	13 15/16-14 1/16	13⅞	14⅛-13⅞	14⅛	14⅜	12⅞	13¼-13 5/16	13¼-13 5/16	13⅛
Six months	14-13 15/16	13 15/16-14⅛	13⅞	13⅞-13⅞	14⅛	—	—	—	13¼-13⅜	13¾
Nine months	14-13 15/16	13 15/16-14⅛	—	14⅛-13⅞	14⅛	—	—	—	—	—
One year	14-13 15/16	13⅞-14⅛	13⅛	14⅛-13⅞	14⅛	—	—	—	—	—
Two years	—	—	14⅛	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 14⅞ per cent; four years 14⅞ per cent; five years 14⅞ per cent. ◆Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅛-13 per cent; four months trade bills 13 11/16 per cent.

Approximate selling rates for one month Treasury bills 13-13⅛ per cent; two months 12⅞-13⅛ per cent; three months 12⅞-13 per cent. Approximate selling rate for one month bank bills 13-13 3/32 per cent; two months 13⅛-13 3/32 per cent and three months 13⅛-13⅜ per cent; one month trade bills 13½ per cent; two months 13⅝ per cent; three months 13⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from April 1 1982. Clearing Bank Deposit Rates for sums at seven days' notice 10-10¼ per cent. Clearing Bank Rates for lending 13 per cent. Treasury Bills: Average tender rates of discount 13.1383 per cent.

Certificates of Tax Deposit (Series 5) 13½ per cent from March 3. Deposits withdrawn for cash 11 per cent.

CURRENCY MOVEMENTS

April 16	Bank of England Index	Morgan Guaranty Changes%
Sterling	90.3	−33.2
U.S. dollar	118.3	+2.3
Canadian dollar	89.0	−17.8
Austrian schilling	116.8	+25.2
Belgian franc	94.7	−2.1
Danish kronor	85.1	−13.8
Deutsche mark	123.0	+46.8
Swiss franc	150.5	+101.8
Guilder	114.0	+21.4
French franc	78.8	−15.1
Lira	53.9	−58.4
Yen	134.0	+28.1

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 16	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.6983	45.2529	+1.25	+1.25	±1.5440
Danish Krone	8.18382	8.12051	−0.77	−0.77	±1.6428
German D-Mark	2.41815	2.33451	−0.98	−0.98	±1.1097
French Franc	6.19564	6.22823	+0.53	+0.53	±1.3743
Dutch Guilder	2.67296	2.65651	−0.62	−0.62	±1.5069
Irish Punt	0.686799	0.692502	+0.83	+0.83	±1.6689
Italian Lira	1305.15	1316.91	+0.90	+0.90	±4.1242

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for April 16 ... 0.581968

OTHER CURRENCIES

April 16	£	$		£ Note Rates
Argentina Peso	20,551-20,591†	11,650-11,700†	Austria	29.80-30.10
Australia Dollar	1.6815-1.6835	0.9540-0.9545	Belgium	89-90
Brazil Cruzeiro	268.83-269.83	152.43-153.19	Denmark	14.40-14.52
Finland Markka	8.172-8.186	4.6440-4.6450	France	11.04-11.14
Greek Drachma	113.108-113.188	63.20-65.70	Germany	4.24½-4.28½
Hong Kong Dollar	10.27¼-10.28¾	5.8300-5.8350	Italy	2305-2375
Iran Rial	146.00*	82.75*	Japan	436-441
Kuwait Dinar (KD)	0.502-0.508	0.2874-0.2878	Netherlands	4.70½-4.74½
Luxembourg Fr.	80.50-80.60	45.72-45.74	Norway	10.72-10.82
Malaysia Dollar	4.1565-4.1685	2.3590-2.3610	Portugal	125½-133
New Zealand Dlr.	2.3100-2.3140	1.3100-1.3110	Spain	182¼-194¼
Saudi Arab. Riyal	5.99-6.05	3.4305-3.4325	Sweden	10.45-10.55
Singapore Dollar	3.79-3.80	2.1515-2.1535	Switzerland	3.46½-3.50½
Sth. African Rand	1.8620-1.8630	1.0575-1.0580	United States	1.75-1.77
U.A.E. Dirham	6.41-6.47	3.6710-3.6740	Yugoslavia	92-98

† Now one rate. * Selling rate.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

LONDON STOCK EXCHANGE

Late improvement prompted by rumours of a possible breakthrough in Falklands dispute—Cawoods feature

Account Dealing Dates
Option

*First Dealings	Declara-tions	Last Dealings	Account Day
Mar 29	Apr 15	Apr 16	Apr 26
Apr 19	Apr 28	Apr 29	May 10
Apr 30	May 13	May 14	May 24

* "New time" dealings may take place from 0.30 am two business days earlier.

The long three-week Easter trading Account in London stock markets ended on an extremely quiet, but slightly more optimistic, note yesterday. The slide in equities since the start of the Falklands crisis two weeks ago came to a halt as the market steadied after the previous day's bout of jitters.

A marked reluctance to trade pending developments in the Falklands situation left room for a rally in leading shares. But yesterday's tendency was little more than a technical movement as dealers attempted to square their book positions at the end of the Account. After fluctuating within extremely narrow limits, quotations consolidated at slightly higher levels and, with late sentiment helped by vague rumours emanating from Washington of a possible breakthrough in the Falklands dispute, the FT 30-share index extended a rise of a point at 3 pm to one of 5.9 at 550.7 at the close.

Overall, business in equities was barely sufficient to test quotations in most cases and it was left to special situations to provide the day's features. Cawoods closed 17 higher at 280p following the agreed merger terms with Redland, while General Commercial rose 16 to 240p on the offer from Refuge Assurance.

In common with the equity sectors, Gilt-edged securities passed an extremely quiet trading session. Reflecting the prevailing uncertainties, quotations were inclined a fraction easier until the late dealings when they were marked tentatively higher in response to the Falklands rumours. As a result, short-dated stocks finished around ⅛ dearer on balance and long-dated issues, ¼ off at 3.30 pm list levels, were raised by that fraction and sometimes more in the later dealings. The Government Securities index closed 0.09 lower at 66.50.

Banks dip and rally

Early small losses were recouped by the major clearing banks in thin trading. Following the chairman's comments at the annual general meeting with regard to the bank's exposure to Argentine risks, Lloyds eased to 408p before rallying late to close a net 3 better at 413p. Barclays ended a couple of pence better at 440p, after 436p, as did Midland, at 308p, after 304p. Elsewhere, still reflecting the disappointing annual figures, Bank of Scotland lost 5 for a decline on the week of 28 to 395p. In merchant banks, Kleinwort Benson came on offer and fell 8 to 230p, but Guinness Peat perked up 4 to 72p.

Insurances passed a quietly dull session. Sun Alliance fell 4 to 792p and C. E. Heath relinquished a few pence to 307p. Pearl gave up 2 for a drop on the week of 24 to 382p following disappointment with the preliminary figures.

Having stood a shade easier for most of the session, leading Breweries staged a modest rally in later trading helped by professional bear closing. Bass ended a penny dearer at 218p, after 216p, while Grand Metropolitan, dull at late renewed fears of a cash call, recovered from an earlier 197p to close a penny up on balance at 201p.

Among the occasional movements in Buildings, F. J. C. Lilley, still reflecting the proposed one-for-five rights issue, eased 2 more to 158p, but Hewden-Stuart hardened a penny to 32p on recovery hopes. Redland's bid for Cawoods prompted a little interest in other building suppliers, Ruberoid improving 7 to 142p and J. Latham 5 to 110p. Blue Circle closed a shade firmer at 454p, after 450p, in common with other leaders.

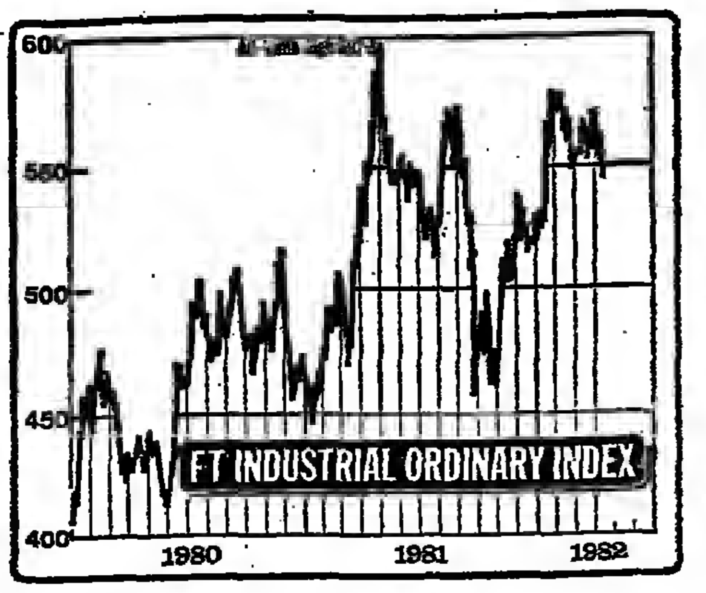
Down to 308p at one stage, ICI rallied to close without alteration at 312p. Elsewhere in Chemicals, Arrow drifted off to end 2 cheaper at 31p.

GEC rally late

Stores finished the extended Account on a subdued note and most held close to overnight positions. Among the leaders, Burton, 172p, House of Fraser, 150p, and British Home, 152p, all shed 2, but Habitat Mothercare, 136p, recovered Thursday's fall of 2 which followed a substantial share placing by Mr Selim Zilkha. Currys turned down in front of next Monday's preliminary results and eased 6 to 168p, but scattered support was evident for House of Lerose, 3 dearer at 89p, and Arthur Henriques, a penny better at 25p, the latter following full-year results.

GEC led a late rally in the Electrical majors, closing 13 better at 805p. Plessey picked up 7 to 367p as did Thorn EMI, to 427p. Racal hardened a couple of pence to 375p. Elsewhere, Forward Technology, at 35p, lost 3 of the previous day's jump of 13 which followed the better-than-expected annual figures. Rediffusion lost 3 to 227p and Cray ended similarly easier at 52p.

A dull market of late on selling ahead of next Wednesday's preliminary figures, Hawker revived with a gain of 6 to 296p. Other Engineering majors made modest progress in thin trading.



GKN picked up 4 to 157p and Tubes, 132p, and Vickers, 157p, firmed 2 apiece. Elsewhere, Delta Group hardened 1½ to 45½p on demand ahead of next Wednesday's annual results, while Beauford added 3 to 35p on further consideration of the satisfactory results the board's accompanying remarks about current year prospects. Simon, on the other hand, fell 8 to 355p and Spear and Jackson relinquished 5 to 100p on lack of support.

Foods were mixed irregular. Late support lifted Tate and Lyle a couple of pence to 204p and Cadbury Schweppes a penny to 98p, but Rowntree Mackintosh turned dull and eased 4 to 164p, while William Morrison continued to react to profit-taking after the preliminary results and gave up 8 for a two-day fall of 14 to 148p. Northern added 2 to 158p following the announcement of the £1.67m acquisition from FMC, a penny dearer at 52p.

Cawoods merger

Cawoods dominated proceedings in the miscellaneous industrial sector, the shares jumping 17 in active trading to 280p on the surprise announcement of the agreed merger with Redland; the latter fell 14 to 161p and its Warrants shed 4 points to £66 following details of the share-exchange terms involving Cawood's 9.1 per cent stake in LASMO; the latter's shares fell to 308p before closing 11 down on balance at 312p. Mixconcrete, in which Cawoods holds a 9.5 per cent stake, moved 8 on the announcement to 99p.

Channel Tunnel, which plummeted 42 on Tuesday following adverse comment, rallied 10 to 95p, while St George's Group improved 5 to 116p on the announcement that Scottish Northern Investment Trust holds a 9.11 per cent stake. Still reflecting the strong profits recovery, Camrex gained 3 to 48p, while Brady Industries A firmed 5 to 55p as did Diploma, to 232p. The proposed cessation of its Bridgend operations left Avon Rubber a few pence off at 94p, while falls of between 6 and 8 were seen in Marshalls Universal, 78p, BTR, 327p, and Aeronautical and General Instruments, 170p. A lack-lustre day in the leaders was enlivened after-hours by unconfirmed reports, later denied, of an Argentine withdrawal from the Falkland Islands. Quotations improved a couple of pence or so late and the closing trend was mixed.

Hopes that the Account starting on Monday will bring news of the talks between Pearson Longman and S. Pearson prompted useful support of the former which jumped 9 for a gain on the week of 15 to 332p; S. Pearson eased 4 to 239p. Elsewhere, Watmoughs remained a dull market and fell 8 more to 152p: the company are printers to troubled mail-order house Empire Stores, currently involved in talks with Great Universal.

Leading Properties regained some composure after the previous day's dullness caused by adverse Press comment. Land Securities rallied 6 to 278p and Stock Conversion hardened 2 to 310p. British Land improved 1½ to 81½p, but MEPC cheapened a couple of pence more to 200p. Elsewhere, Chesterfield improved 5 to 355p but Imry lost that much to 235p.

Carless good

Leading Oils passed an uninspiring trading session, but most quotations picked up after showing a slightly easier trend initially. Among the secondary stocks, hopes of a Humbly Grove drilling report prompted speculative demand for Carless Capel, 15 higher at 178p, and Candecca, 7 to the good at 185p. Moray Firth, in contrast, weakened 6 to 17p on news of a dry well.

Lonrho eased a couple of pence to 68p following a generally unfavourable Press response to the latest circular to shareholders defending the company's plan to raise its borrowing limit. The vote will take place at the end of the month.

Proceedings in Investment Trusts were enlivened by General and Commercial, which advanced to 250p before settling for a net gain of 16 at 240p following the agreed offer from Refuge Assurance, 8 cheaper at 220p. Other issues trended lower where altered; Far-Eastern advices clipped 7 from both G.T. Japan, 273p, and Crescent Japan, 261p, while similar falls were marked against Triplevest Capital, 330p, and Dualvest Capital, 443p.

Shippings, dull of late, rallied well under the lead of P & O Deferred, which added 5 to 131p helped by a broker's upward revision of a profits forecast; the preliminary results are expected next month. Ocean Transport closed 3 to the good at 119p.

Golds easier

Mining markets ended a fraction easier after another session of routine activity.

South African Golds tended to drift lower reflecting lack of further progress by the bullion price, which closed 75 cents easier at $362.50 an ounce, awaiting developments in the Falkland Islands and the Middle East. Closing losses in Golds were modest and left the Gold Mines index down 1.4 at 265.5.

The gold sharemarket has seen a week of minimal turnover although activity is expected to pick up next week with the remaining quarterly reports from the gold mines due through from Tuesday to Friday.

In addition, the Anglo American Corporations' Orange Free State mines are due to announce April dividends on Friday.

South African Financials were featured by the Coal stocks Amcoal and Transvaal Consolidated Land; the latter advanced £1½ to £21½ and the former put on ½ to £13 following news that both companies have been awarded contracts to supply the coal requirements of a new South African power station.

RTZ were prominent in London Financials and finally 5 better at 424p reflecting favourable Press comment on the 1981 results. Gold Fields edged up 3 to 394p.

Light profit-taking after Thursday's broad advance left Australians showing modest losses. Western Mining relinquished 3 to 216p and Renison 2 to 148p. Bougainville dipped a like amount to 74p in the wake of the chairman's comment about a bleak near-term outlook.

A number of firm spots in the speculative issues included Metramar, up 3 at a 1982 high of 23p.

Elsewhere, Hemerdon Mining and Smelting rose 3 to 58p following completion of the option agreement with Billiton.

A disappointing week in Traded Options ended with 1,571 deals arranged—963 calls and 608 puts. The short week's average amounted to 1,132, barely half the previous week's average. Once again, ICI and Imperial dominated yesterday's calls, recording 202 and 222 trades respectively. British Petroleum attracted a reasonable put business with 220 contracts completed.

Tidy factory campaign

A TIDINESS campaign to increase safety, health and efficiency in industry and commerce was launched by the Keep Britain Tidy Group yesterday.

Untidy factories and work places are the result of mismanagement of waste and often lead to accidents said the group. It was introducing the Tidy Team Programme for Industry to the chairmen and managers of companies which support the group's litter abatement programme.

RISES AND FALLS

	Yesterday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	30	43	20	131	159	82
Corporations, Dom and Foreign Bonds	5	1	89	29	32	239
Industrials	140	303	900	678	1,284	3,510
Financial and Props.	56	151	302	171	650	1,215
Oils	19	22	68	84	118	226
Plantations	—	5	18	12	11	69
Mines	34	26	100	174	113	355
Others	44	39	71	181	189	244
Totals	328	590	1,548	1,380	2,556	5,940

LEADERS AND LAGGARDS

Percentage changes since December 31 1981 based on Thursday, April 15 1982.

Tobaccos	+15.81	Investment Trusts	+ 0.72
Other Consumer	+15.26	All-share Index	+ 0.35
Health and H'sehold Products	+14.08	Insurance (Composite)	− 0.42
Insurance Brokers	+11.44	Capital Goods	− 0.68
Stores	+10.38	Engineering Contractors	− 0.81
Newspapers, Publishing	+ 3.80	Electricals	− 1.30
Consumer Group	+ 2.07	Office Equipment	− 1.44
Chemicals	+ 7.67	Motors	− 1.67
Contracting, Construction	+ 7.25	Other Industrial Materials	− 3.16
Textiles	+ 7.20	Mechanical Engineering	− 3.47
Food Retailing	+ 7.05	Financial Group	− 3.77
Packaging and Paper	+ 6.78	Merchant Banks	− 5.34
Brewers and Distillers	+ 6.63	Metals and Metal Forming	− 5.09
Other Groups	+ 5.20	Property	− 6.38
Building Materials	+ 4.80	Oils	− 9.59
Industrial Group	+ 4.44	Banks	− 9.37
Insurance (Life)	+ 4.33	Overseas Traders	− 3.43
Shipping and Transport	+ 4.18	Discount Houses	−11.09
Leisure	+ 4.01	Mining Finance	−12.88
500-share Index	+ 2.03	Gold Mines Index	−13.20
Food Manufacturing	+ 1.16		

FINANCIAL TIMES STOCK INDICES

	April 16	April 15	April 14	April 13	April 8	April 7	A year ago
Government Secs	66.50	66.59	66.90	66.70	66.76	67.11	69.30
Fixed Interest	67.56	67.56	67.55	67.38	67.35	67.47	71.10
Industrial Ord.	550.7	544.8	554.4	551.6	560.3	561.0	588.6
Gold Mines	265.6	266.9	267.9	256.6	268.8	272.4	365.8
Ord. Div. Yield	5.69	5.76	5.64	5.67	5.60	5.60	5.78
Earnings, Yld. % (full)	11.38	11.48	11.28	11.38	11.18	11.36	11.20
P/E Ratio (net) (*)	11.02	10.90	11.09	11.08	11.19	11.05	11.09
Total bargains	16,804	15,015	14,006	10,888	16,058	18,111	21,400
Equity turnover £m.	—	119.17	84.08	93.05	94.38	130.04	159.14
Equity bargains	—	11,019	9,921	10,486	11,419	14,714	17,083

10 am 548.1. 11 am 548.4. Noon 548.8. 1 pm 545.5. 2 pm 544.9. 3 pm 546.2.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=10.18.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	69.55 (25/8)	51.89 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	69.74 (2/4)	62.70 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	579.8 (28/1)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	302.0 (5/1)	209.2 (8/3)	558.0 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	April 15	April 14
Daily Gilt Edged Bargains	146.8	158.9
Equities Bargains	71.0	84.0
Equities Value	240.2	189.5
5-day Avrge. Gilt Edged Bargains	162.6	170.2
Equities Bargains	76.5	84.2
Equities Value	912.5	347.9

NEW HIGHS AND LOWS FOR 1982

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1982.

NEW HIGHS (15)

AMERICANS (4)
Brunswick, Citicorp, Chesebrough, Louisiana Land

BUILDINGS (2)
Mixconcrete, Ruberoid

CHEMICALS (1)
Coates Bros. A N-V

ELECTRICALS (1)
Motorola

ENGINEERING (2)
Beauford, Senior Eng.

INDUSTRIALS (1)
St. George's Group

INSURANCE (1)
Travelers

TEXTILES (1)
Illingworth Morris

TRUSTS (1)
Gen. & Commercial

MINES (1)
Metramar Mines

NEW LOWS (102)

AMERICANS (3)
BANKS (3)
BUILDINGS (1)
CHEMICALS (2)
DRAPERY & STORES (3)
ELECTRICALS (2)
ENGINEERING (17)
FOODS (2)
HOTELS (2)
INDUSTRIALS (21)
INSURANCE (3)
MOTORS (1)
PAPER (2)
PROPERTY (12)
TEXTILES (1)
TRUSTS (21)
OIL & GAS (3)

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
BTR	330	− 4	Imperial Group	93	− 0½
Bass	216	+ 1	LASMO	312	−11
Candecca	185	+ 7	NatWest Bank	405	− 1
Carless Capel	178	+15	P. & O. Dfd.	131	+ 5
Cawoods	280	+17	Redland	161	−14
Euro. Ferries	74	+ 2	RTZ	424	+ 5

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in S.E. Official List

Stock	No. of price changes	Thursday's closing price pence	Day's change	Stock	No. of price changes	Thursday's closing price pence	Day's change
Euro. Ferries	17	72	− 3	Glaxo	12	590	− 2
Grand Met.	16	200	− 5	ICI	12	312	− 4
GEC	15	792	−14	Imperial Group	12	93½	− 1½
Burmah Oil	14	135	− 2	Inter-City	12	48	− 1½
BAT Inds.	12	400	− 2	Pearson Lngmn.	12	323	+ 6
BP	12	284	− 6	LASMO	11	323	−17
Cable Wireless	12	238	− 6	NCC Energy	11	63	− 7

4-DAY ACTIVE STOCKS

Based on bargains over the four-day period ending Thursday

Stock	No. of price changes	Thursday's closing price pence	Change on week	Stock	No. of price changes	Thursday's closing price pence	Change on week
Cawoods	74	263	−17	BAT Inds.	45	400	−15
Glaxo	62	590	+20	Unilever	44	605	−11
GEC	56	792	−15	BP	43	284	− 4
Shell Trans.	52	382	− 2	Imperial Group	43	93½	− 2½
ICI	49	312	− 6	BICC	39	315	—
RTZ	49	419	+ 4	LASMO	39	323	−22
Burmah Oil	48	135	+ 6	Carless Capel	36	163	− 9

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
April 5	April 26	July 15	July 26
April 26	May 7	July 29	Aug 9
May 10	May 21	Aug 12	Aug 23

For rate indications see end of Share Information Service

Quiet conditions prevailed in Options. Calls were arranged in Town and City Properties, ICL, Lister, Trident TV A, BP, First National Finance, Boustead, Lasmo, Cantors, Howard Tenens, Pennine Commercial, Charterhall, Bowater and Hawley. Puts were done in First National Finance and Celtic Haven. No doubles were reported.

LONDON TRADED OPTIONS

April 16, Total Contracts 1571 Calls 963 Puts 608

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP (c)	280	10	10	24	50	32	—	284p
BP (c)	300	3	11	14	4	20	—	"
BP (p)	260	3	—	6	—	10	95	"
BP (p)	300	19	67	22	—	28	66	"
BP (p)	330	48	—	47	1	69	1	"

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

FIXED INTEREST

	PRICE INDICES	Mon April 19	Day's change %	Thur April 15	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	109.36	+0.33	109.00	—	3.99
2	5-15 years	107.27	−0.08	107.68	0.33	4.33
3	Over 15 years	109.67	−0.10	109.77	—	4.93
4	Irredeemables	115.77	—	115.77	—	1.62
5	All Stocks	108.46	+0.04	108.54	0.12	4.35
6	Debentures & Loans	85.64	−0.04	85.68	—	3.51
7	Preference	63.75	+0.17	63.64	—	2.52

	AVERAGE GROSS REDEMPTION YIELDS		Mon April 19	Thur April 15	Year ago (approx.)	1982 Highs	1982 Lows
	British Government						
1	Low	5 years	12.34	12.36	11.61	13.49 (5/1)	11.66 (1/4)
2	Coupons	15 years	13.16	13.10	12.17	14.28 (5/1)	12.53 (23/3)
3		25 years	13.19	13.14	12.26	14.17 (12/1)	12.33 (23/3)
4	Medium	5 years	14.51	14.54	13.15	16.41 (12/1)	13.73 (2/4)
5	Coupons	15 years	14.36	14.32	13.69	16.10 (5/1)	13.47 (23/3)
6		25 years	13.87	13.85	13.40	15.46 (12/1)	13.04 (23/3)
7	High	5 years	14.44	14.52	13.12	16.98 (8/1)	13.67 (10/3)
8	Coupons	15 years	14.50	14.45	13.89	16.28 (5/1)	13.66 (23/3)
9		25 years	14.06	14.03	13.59	15.76 (12/1)	13.11 (23/3)
10	Irredeemables†		13.02	13.01	11.79	13.64 (12/1)	12.06 (10/3)
11	Debs & Loans	5 years	15.27	15.28	14.47	17.07 (12/1)	14.84 (24/3)
12		15 years	15.09	15.08	14.47	16.85 (12/1)	14.47 (24/3)
13		25 years	15.82	15.82	14.47	16.72 (12/1)	14.47 (24/3)
14	Preference†		15.46	15.47	14.42	16.24 (11/1)	15.02 (26/3)

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Other Industrial Materials	31/12/80	287.41	Other Financial	31/12/70	128.06
Other Consumer	31/12/80	238.14	Food Manufacturing	29/12/67	114.13
Health/Household Prods.	30/12/77	261.77	Food Retailing	29/12/67	114.13
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67
Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Engineering Contractors	31/12/71	153.84	All Other	10/4/62	100.00
Mechanical Engineering	31/12/71	153.84	British Government	31/12/75	100.00
Office Equipment	16/1/70	128.20	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72

† Flat yield. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

NAME CHANGES: Blagden & Noakes (Holdings) is now Blagden Industries (33) and Ropner Holdings is now Ropner (46)

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4. 01-248 9111

Property Fund	226.0	[illegible]	—	—
Equity Fund	97.2	[illegible]	-0.8	—
Property Acc.	264.2	[illegible]	—	—
Equity Acc.	97.0	[illegible]	-0.8	—
Selective Fund	143.9	[illegible]	-1.2	—
Money Fund	164.5	[illegible]	—	—
Convertible Fund	176.3	[illegible]	—	—
Prop. Fd. Ser. 4	208.7	[illegible]	—	—
Equity Ser. 4	82.8	[illegible]	-0.8	—
Man. Ser. 4	198.2	[illegible]	—	—
Money Ser. 4	149.2	[illegible]	—	—
Conv. Ser. 4	149.5	[illegible]	—	—
Fixed Int. Fd. Ser. 4	112.7	[illegible]	-0.6	—
American Ser. 4	115.0	[illegible]	+0.7	—
High Inc. Ser. 4	114.0	[illegible]	-0.4	—
Pension Property	183.7	[illegible]	—	—
Pension Equity	257.7	[illegible]	-3.7	—
Pension Selective	144.7	[illegible]	-1.2	—
Pension Managed	282.4	[illegible]	-2.0	—
Pension Security	217.3	[illegible]	—	—
Pension Fixed Int.	109.0	[illegible]	-0.5	—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	308.7	324.9	-2.6	—
Fixed Int. Acc.	188.0	197.9	-0.5	—
Gtd. Money Fd. Ac.	154.8	162.9	—	—
Intl. Man. Fd. Acc.	145.6	153.2	-0.1	—
Intl. Fxd. Int. Fd.	106.7	112.3	-0.2	—
Prop. Fd. Acc.	158.2	166.5	+0.1	—
M'ple Inv. Acc.	244.2	257.0	-0.2	—
Equity Pen.Fd.Acc.	420.8	442.8	-4.2	—
Fixed I. Pen.Acc.	298.0	313.7	-0.8	—
G'td.Mon.Pen.Acc.	211.7	222.8	+0.1	—
Intl.Mn.PnFdAcc.	168.2	177.1	-0.1	—
Prop.Pen.Acc.	207.8	218.7	—	—
M'ple Inv.Pen.Acc.	351.4	369.8	-2.1	—

AMEV Life Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. 0202 762122

Managed Fd.	192.9	203.1	—	—
Money Fd.	141.8	149.3	—	—
Equity Fd.	150.5	158.4	—	—
Fixed Int. Fd.	91.3	96.1	—	—
Property Fd.	146.2	154.0	—	—
Managed Pen. Fd.	170.0	179.0	—	—
Equity Pension Fd.	100.3	106.7	—	—
Fixed Int. Pens. Fd.	119.9	126.3	—	—
High Yield Pens. Fd.	119.7	126.1	—	—
Money Pension Fd.	110.7	116.6	—	—
Property Pension Fd.	109.3	115.2	—	—
Flexifund	122.0	128.6	—	—
AMEV/Framlington				
American & Gen. Fd.	142.2	149.8	+0.9	—
Income Fd.	136.5	142.8	-0.3	—
Intl. Growth Fd.	149.4	157.4	+0.6	—
Capital Fund	136.1	143.4	-0.3	—

Barclays Life Assur. Co. Ltd.
252 Romford Rd., E7. 01-534 5544

Barclaybonds	167.6	176.5	-0.6	—
Equity	165.1	173.8	-0.6	—
Gilt-edged	128.1	134.9	-1.0	—
International	106.7	112.4	+0.2	—
Managed	144.4	152.1	-0.5	—
Money	132.7	139.7	+0.7	—
Property	174.7	183.9	—	—
Man.Pens Accum.	172.8	182.1	—	—
Do. Initial	149.2	157.7	—	—
Gilt EdgPens.Acc.	155.8	164.0	—	—
Do. Initial	131.3	138.3	—	—
Money Pens. Acc.	159.0	167.4	—	—
Do. Initial	135.0	142.2	—	—

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Black Horse Man. Fd.	181.68		—	—
Managed Inv. Fd.	131.28	138.17	—	—
Property Fd.	135.72	142.82	—	—
Fixed Interest Fd.	115.64	121.73	—	—
Cash Fd.	125.59	132.20	—	—
Income Fd.	124.18	130.72	—	—
Extra Income Fd.	123.09	129.57	—	—
Worldwide Growth Fd.	143.15	150.67	—	—
Balanced Fd.	130.22	137.08	—	—

Crown Life—Continued

St. George Mangd. Fd.	108.4	[illegible]	—	—
Lincs & Gen. Fd.	120.9	[illegible]	—	—
Sage Fd.	95.0	[illegible]	—	—
Heritage Fd.	96.3	[illegible]	—	—
DBS Managed	103.6	[illegible]	—	—
Crown, Brit. Inv. A.		217.0	—	—
Pens. Mixed. Fd.	147.3	[illegible]	—	—
Pens. Mang'd. Acc.	105.8	110.7	—	—
Pens. Mang'd. Init.	102.5	107.8	—	—
Pens. Equity Acc.	94.5	[illegible]	—	—
Pens. Equity Init.	91.7	[illegible]	—	—
Pens. Fxd. Int. Acc.	105.5	[illegible]	—	—
Pens. Fxd. Int. Init.	102.5	107.8	—	—
Pens. Money Acc.	106.4	[illegible]	—	—
Pens. Money Init.	103.4	[illegible]	—	—

Crusader Insurance PLC.
Tower Hse, 38 Trinity Sq, EC3N 4DJ 488 2323

Growth Prop April 16	104.1	114.4	—	—
Managed Pens Mar 10	111.91	117.80	—	—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	72.5	75.2	-0.2	6.33

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	176.9	186.2	-0.2	—
Higher Inc. Fund	114.5	120.5	-0.5	—
Property Fund	188.0	197.9	—	—
Fixed Interest Fund	134.1	141.1	-0.4	—
Index Linked Secs Fd.	93.2	98.1	—	—
Gtd. Deposit Fund	133.5	140.5	—	—
Nth. America Fund	106.2	111.7	+0.3	—
Far East Fund	80.3	84.5	-0.6	—
International Fund	96.0	101.0	-0.2	—
Mixed Fund	159.5	167.9	-0.3	—

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

Ind. Pen. Equity	178.5	187.9	-0.19	—
Ind. Pen. Property	141.7	149.1	+2.7	—
Ind. Pen. Fixed Int.	131.9	138.8	+1.5	—
Ind. Pen. Indx Lk. Sec.	103.1	108.5	-1.6	—
Ind. Pen. Overseas	146.5	154.1	+5.0	—
Ind. Pen. Cash	132.9	139.8	+1.6	—
Ind. Pen. Balanced	146.9	154.6	+0.1	—
Ind. Pen. Dep. Admin.	132.6	139.5	+1.7	—

Prices at March 11. Next settlement April 15. Group Pension Funds—Prices Available On Request.

G.T. Management Ltd.
16, Finsbury Circus, London, EC2M 7DJ. 01-628 8131

G.T. Plan Bond Fund	98.8	104.0	+0.1	—
GT Pla High Yld Fnd	92.3	97.2	+1.5	—
GT Plan Far East Fnd	85.3	89.8	-0.5	—
GT Pla N Am Fund	99.2	104.5	+1.0	—
GT Pla UK&G.E. Fnd	94.0	99.0	-0.4	—
GT Pla Wrldwde Fnd	88.4	93.1	+0.4	—
GT Pension Bnd Fnd	98.8	104.0	+0.6	—
GT Pen High Yld Fd	96.1	101.2	+1.5	—
GT Pen Far East Fd	86.3	90.9	-0.6	—
GT Pen N. Am. Fd.	102.2	107.6	+1.0	—
GT Pen UK & G.E. Fd.	95.1	100.2	-0.2	—
GT Pen Worldwide Fd.	88.8	93.5	+0.4	—

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	135.5	142.7	—	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		189.9	—	—
Portfolio Fd. Inl.		166.7	—	—
Portfolio Fd. Cap.		186.8	—	—
Portfolio Man. Acc.	58.5	61.6	—	—
Portfolio Man. Inl.	53.4	56.2	—	—

OFFSHORE AND OVERSEAS

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1982 High	1982 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
99⅛	96⅝	Treasury 8¼pc '82	98⅞	−⅛	8.34	13.61
98⅜	95⅝	Exch. 9¼pc 1982	98¼	+⅛	9.42	13.39
97⅛	94⅜	Exch. 8¾pc 1983	97	+¼	9.02	13.16
94	91	Exch. 3pc 1983	92⅞	+⅛	3.23	12.08
99¼	95¾	Treasury 12pc 1983‡‡	98¾	+¼	12.15	13.53
97	92⅞	Treasury 9¼pc '83	95⅞	+¼	9.65	12.90
100⅝	96⅞	Exch. 13½pc '83	99¾xd	+¼	13.53	13.71
96⅞	91⅞	Exch. 10pc 1983	94⅞	+¼	10.54	13.52
91½	87⅞	Funding 5½pc '82-84‡‡	91	+¼	6.04	11.30
97⅜	91⅞	Exch. 11¼pc 1984	96	+¼	11.72	13.73
101⅝	96¾	Exchequer 14pc 1984	100½xd	+¼	13.93	13.77
88⅝	81⅛	Exch. 3pc 1984	84¼	+¼	3.56	11.39
97⅞	91½	Treasury 12pc 1984	96⅜	+¼	12.45	13.94
104	96¾	Treasury 15pc 1985	101⅝	+⅜	14.76	14.24
97¼	89½	Exch. 12pc Cnv. '85	95¼	+¼	12.60	14.01
80½	73½	Treasury 3pc 1985	79xd	......	3.80	11.25
94⅞	87½	Treasury 11½pc 1985	92⅞	+⅜	12.38	14.30
96½	88⅝	Exch. 12¼pc 1985	94⅞xd	+⅛	12.91	14.37
94⅞	86⅛	Exch. 11¾pc '86	92⅛	+¼	12.67	14.23
75	69	Treasury 3pc 1986	75xd	+¼	4.00	10.73
94⅞	86¼	Treasury 12pc '86	92¾	+¼	12.94	14.35
89	80⅛	Treasury 8½pc '84-86‡‡	87½	+¼	9.71	12.37
101⅛	91⅞	Exch. 14pc 1986	98¾xd	+⅜	14.18	14.39
103⅜	90	Exch. 13¼pc 1987	96⅛	+⅛	13.78	14.36
99⅜	84½	Do. A	95¾	+⅛	13.84	14.48

Five to Fifteen Years

1982 High	1982 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
82½	73⅞	Funding 6½pc '85-87‡‡	78xd	......	8.31	12.46
68¾	64½	Treasury 3pc 1987	67⅛	−⅛	4.53	11.81
90¼	85⅞	Treas. 12pc 1987	90½xd	+⅛	13.25	14.60
81½	72½	Treasury 7¾pc '85-88‡‡	79⅞	−⅛	9.92	13.28
64	60⅛	Transport 3pc '78-88	62½	......	4.87	11.93
90¾	79⅞	Treasury 11½pc 1989	87⅞	......	13.36	14.77
66¼	62½	Treasury 5pc '86-89	63	−¼	7.94	12.85
98¼	85⅞	Treasury 13pc 1990‡‡	95¾	−⅛	14.07	14.65
93¾	85⅝	Exch. 12½pc 1990	90⅞	......	13.90	14.68
79⅜	70½	Treasury 8¼pc '87-90‡‡	77⅝	......	11.05	13.41
91⅞	77⅞	Treasury 11¾pc 1991	88⅞	......	13.71	14.69
65	59¼	Funding 5¾pc '87-91‡‡	63¼	−⅛	9.12	12.80
89½	76⅝	Exch. 11pc 1991	81⅞xd	−¼	13.41	14.54
96⅞	83⅞	Treasury 12¾pc '92‡‡	93	−⅛	14.17	14.70

Over Fifteen Years

Undated

Index-Linked & Variable Rate

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1982 High	1982 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
150	136	S. Rhod. 2½pc Non-Ass.	150	+2	—	—
66	58	Do. 3½pc 80-85 Asstd.	64	......	5.44	17.60
41	32	Do. 4½pc 87-92 Asstd.	38xd	......	11.84	18.30
372	310	Zimbabwe Ann (£100pa)	330xd	......	—	22.69

LOANS

Public Board and Ind.

1982 High	1982 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
66	57¼	Agric. Mt. 5pc '59-89	58	......	8.80	15.03
29	24¼	Met. Wtr. 3pc 'B'	27¼	......	10.95	13.43
110	103	U.S.M.C. 9pc 1982	110	......	8.44	—
100	94	Do. without Warrnts.	100	......	9.32	—

LOANS—Continued

Financial

1982 High	1982 Low
100	95½
97	94
86	80
93	82½
90	70
91	78
90	82
64½	54
60	53
70	62
67½	57⅜

Building Societies

1982 High	1982 Low
100½	98⅛
100½	98¼
101	99
101⅜	99⅛
100⅝	99½
101	99¼
101½	99¼
101⅛	100

FOREIGN BONDS & RAILS

1982 High	1982 Low
85	65
67	55
98	98
16	13
13	11
12	9
10½	8½
44	42
42	40
35	35
35	30
102¼	87½
63	58
93	80
95	87½
72¼	62½
250	235
77	67
161	161
93¾	79¼
S79	575
DM90	DM8[illegible]

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

1982 High	1982 Low	Stock	Price	+ or −	Div. Net	C'vr	Gr's	P/E
338	210	ANZ SA1	230	+3	Q28c	3.3	7.5	4.0
253	205	Alexanders D. £1	205	......	18.5	—	12.9	—
£61½	£56⅛	Algemene Fl.100	£61½	......	Q26%	ф	9.0	ф
100	78	Allied Irish	78	......	Q4.9%	5.5	11.5	2.3
16¼	10⅞	Ansbacher (H.) 5p.	12xr	......	t0.35	—	4.2	—
260	200	Bk. Ireland £1	200	−5	Q28.9%	—	11.8	—
5	4	Bk. Leumi $0.1	5	......	016%	—	1.0	—
240	210	Bk.Leum (UK)£1	210	......	G10.15	—	7.4	—
180	153	Bk. N.S.W. $A1	160	−3	Q24c	2.9	9.0	3.8
510	395	Bank Scotland £1	395	−5	21.0	ф4.5	7.8	3.1
510	432	Barclays £1	440	+2	¶22.0	5.1	0.6	3.0
240	220	Brown Shipley £1	233	......	h6.5	—	4.0	—
325	275	Cater Allen £1	305	......	23.1	—	10.8	—

BANKS & H.P.—Cont.

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

حكمة من الأصل

INDUSTRIALS—Continued

1982 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
185	137	Jardine M. SHK5	156	–11	q092c	♦	6.6	♦
242	187	Johnson Clnrs.	195xd	–1	7.7	♦	5.6	♦
295	245	Johnson Mthy. £1	248		9.5	2.3	5.5	(9.2)
80	64	Jourdan (T.) 10p	78		5.25	0.6	10.7	(21.5)
48	40	Kalamazoo 10p	46		2.5	0.9	7.9	20.8
170	135	Kelsey Inds.	160	–10	8.0	2.1	7.1	9.2
152	138	Kennedy Sm. 10p	138		†4.38	4.1	4.5	7.5
310	255	Kershaw (A.) 5p	275		21.75	0.5	11.3	(45.1)
51	41	Kleen-E-Ze Hldgs.	48		5.5	0.7	16.4	(14.0)
68	54	L.C.P. Hlds.	55		4.3	0.8	11.2	(16.9)
51½	39½	L.R.C. Int. 10p	48½	–½	2.5	1.6	7.4	11.0
46	36	Lawtex	36		‡1.5	—	‡	—
188	153	Lead Inds. 50p	176	–1	9.66	♦	8.1	♦
350	277	Lep Group 10p	330		16.5	2.1	7.1	7.7
18	12	Lesney Prods. 5p	12		—	—	—	—
37	34	Lilleshall 10p	34		3.5	—	14.7	—
50	39	Lon. & Liv. 10p	44		†1.7	3.3	5.5	6.5
102	91	London & Mid'd	91	–1	7.75	1.1	12.2	(10.3)
50½	36	Lon. & Nthn. Grp.	49		3.75	2.5	10.9	4.2
32	23	♦Lon. Priv. Health	32		—	—	—	—
9¼	6	Long Hmbly. 10p	6½		8—	—	—	—
46	36	Longton Inds.	40		1.0	—	5.6	—
42	33	Lonsdale Univsl.	42		1.0	8.9	3.4	(51.3)
195	115	Low & Bonar 50p	115		7.0	♦	8.8	♦
33½	27	M.Y. Dart. 10p	28½		2.9	1.8	14.5	(4.6)
164	105	M'c'rthy Ph. 20p	155	–1	7.0	2.8	6.4	7.2
82	70	Macfarlane Gp.	82		4.0	♦	7.2	♦
35	28	Maclellan 20p	34		1.43	1.7	6.0	(12.1)
86	67	Macpherson (D.)	81		4.2	1.5	7.4	11.8
62	53	Magnolia Group	59	–1	2.3	♦	5.7	♦
108	95	Man. Ship Can. £1	95		—	—	—	—
49	41	Marley	41		2.25	1.5	7.8	(10.9)
36	29	Marling Ind. 10p	35		†0.94	5.0	3.8	(9.3)
48	33½	Marshall L'xy. 'A'	45		2.78	3.6	8.8	3.8
88	74	Marshall's Univ	78	–6	0.1	—	0.2	—
37	28	Martin-Black	31		—	—	—	—
£134	£101	Mathesons 7¾pc	£108		Q7¼%	2.3	†7.3	—
188	170	Maynards	172xd	–2	9.38	2.7	7.8	(5.2)
190	132	Metal Box £1	146		†10.71	1.0	10.5	(12.8)
130	109	Metal Closures	124xd		5.7	♦	6.6	♦

LEISURE—Continued

1982 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
45	33	Fairline Boats 10p						
42	22	Glasgow Pavilion 10p						
44	32	Grampian TVA 10p						
146	107	HTV Non/Vtg.						
415	278	Horizon						
151	95	♦Intasun 10p						
31	22	Lancaster (D. M.) 5p						
159	112	LWT "A"						
125	102	Magmt. Ag. M. 10p						
67	59	Medminster 10p						
238	140	♦Nimslo Int 20c						
40	33	Norton & Wrt. 10p						
74	65	Old Swan (H'gate) 10p						
28	14	♦Owners Abroad						
61	52	Photax (Lon.)						
232½	91	Pleasurama 5p						
*121	84	Riley Leisure 10p						
179	140	Saga Hols. 20p						
140	125	Samuelson 20p						
99	76	Scott. TV 'A' 10p						
50	36	♦SelecTV 10p						
17	13	TSW 5p						
42	31	♦TVS N/Vtg 10p						
100	67	Trid'nt TV 'A' 10p						
255	115	21st Century Dbt. Cpn.						
27½	19½	Webb (Jos.) 5p						
93	69	Zetters 5p						

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1982 High	Low	Stock
20	14	B.L. 50p
120	93	Gen. Mts. Units
55	20	♦Hesketh Motor 50p
202	133	Honda Motor Y50
32	24	Lotus Car 10p
12	8½	♦Reliant Motor 5p

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHERS

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

Australian

Tins

Copper

Miscellaneous

1982 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
16½	13	Burma Mines 10p	16½	+½	0.75	0.9	6.5
130	35	Colby Res. Corp.	64	+9	—	—	—
292	210	Cons. Murch. 10c.	240		Q60c	1.9	13.3
8	5½	‡‡Explaura Gold	6		—	—	—
105	65	Highwood Res.	70		—	—	—
255	165	Northgate C$1	200	–5	—	—	—
468	412	R.T.Z.	424	+5	16.0	2.1	5.5
£100½	£93½	Do.9½%Cv.Ln.'95-2000	£98½		Q9½%	♦	†9.9
20	12	Sabina Inds. C$1	17		—	—	—
44	27	♦Southwest C. 10p	40		—	—	—
500	270	Tara Exptn. $1	325	+55	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▯ No par value
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	40	
Bertrams	17#	
Bdg'wtr. Est. 50p	395	
Craig & Rose £1	£12¼	
Finlay Pkg. 5p	29	
Graig Ship. £1	£22	–1
Higsons Brew.	78	
Holt (Jos) 25p	565	
I.O.M. Stm. £1	125	
Pearce (C. H.)	£11	–1
Peel Hldgs.	145	
Sheff. Refrshmt	77	
Sindall (Wm.)	205	

IRISH

Conv. 9% '80/82	£96⅛	+⅛
Nat. 9¾% 84/89	£68½	
Fin. 13% 97/02	£71⅛	
Alliance Gas	78	
Arnott	215	–5
Carroll (P.J.)	70	
Concrete Prods.	90	
Heiton (Hldgs.)	17½	–½
Irish Ropes	36	
Jacob	78	
T.M.G.	8	
Unidare	45	

OPTIONS

3-month Call Rates

Industrials					
Allied-Lyons	8	House of Fraser	15	Utd. Drapery	7
BOC Intl.	15	I.C.I.	24	Vickers	16
B.S.R.	8½	"Imps"	U	Woolworths	5
Babcock	10	I.C.L.	5½	**Property**	
Barclays Bank	42	Ladbroke	15	Brit. Land	7½
Beecham	21	Legal & Gen.	19	Cap. Counties	10
Blue Circle	48	Lex Service	18	Land Secs.	28
Boots	19	Lloyds Bank	42	MEPC	20
Bowaters	24	"Lofs"	6½	Peachey	14
Brit. Aerospace	17	London Brick	7	Samuel Props.	11
B.A.T.	38	Lucas Inds.	20	Town & City	3½
Brown (J.)	7	"Mams"	12	**Oils**	
Burton Ord.	15	Mrks. & Spncr	12	Brit. Petroleum	26
Cadburys	9	Midland Bank	30	Burmah Oil	10
Courtaulds	U	N.E.I.	9	Charterhall	6
Debenhams	7	Nat. West. Bank	38	KCA	14
Distillers	15	P & O Dfd.	14	Premier	6
Dunlop	6½	Plessey	32	Shell	38
Eagle Star	31	Racal Elect.	35	Tricentrol	22
F.N.F.C.	4	R.H.M.	6½	Ultramar	38
Gen. Accident	28	Rank Org. Ord.	20	**Mines**	
Gen. Electric	65	Reed Intnl.	26	Charter Cons.	25
Glaxo	42	Sears	6	Cons. Gold	45
Grand Met.	17	Tesco	5½	Lonrho	7
G.U.S. 'A'	45	Thorn EMI	42	Rio T. Zinc	42
Guardian	25	Trust Houses	11		
G.K.N.	15	Tube Invest.	13		
Hawker Sidd.	30	Turner & Newall	11		
		Unilever	55		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 28

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FINANCIAL TIMES

Saturday April 17 1982

MAN IN THE NEWS

'Haig needs a win badly'

BY REGINALD DALE

IN THE LAST nine days, Mr Alexander Haig, the U.S.'s volatile State Secretary, has flown over 26,000 miles—more than the circumference of the globe—in his bid to defuse the Falklands crisis by Transatlantic shuttle diplomacy. By Thursday, when he set off again from Washington to Buenos Aires, he was already "triple jet-lagged," in the only half-joking words of one of his aides.

The readiness of a 57-year-old man who has undergone a triple heart bypass operation to endure these enormous strains reflects the importance of the need for a solution—not just for Washington's foreign policy interests but for Mr Haig's personal prestige. "Haig needs

Alexander Haig

a win badly," said one senior White House official this week.

The Falklands dispute is the first major foreign policy crisis over which Mr Haig has assumed unfettered personal control—although he reports regularly on the talks to President Reagan. "It's really his baby and he's revelling in it," said another Washington official.

It was, however, typical of the erratic side of Mr Haig's character that the whole mission was delayed for half a day by his refusal to fly to London in an aircraft that had no windows and inferior communications and sleeping facilities. The resulting sniping between Mr Haig's State Department and the White House has been extensively, and damagingly, reported by the American media this week.

Many times since he assumed office 15 months ago, Mr Haig has appeared to be walking a precarious tightrope over the lion's den of political Washington.

His nervous televised outburst—"I am in control here"—after the attempted assassination of Mr Reagan a year ago prompted much speculation that he would not be long in his job. But he has held on, helped in part by his ideological proximity to Mr Reagan and, more recently, by the resignation of Mr Richard Allen as the President's

Nevertheless, Mr Haig remains a rather isolated figure at State. He is not, like Mr Weinberger, a close friend of Mr Reagan. He is disliked by the President's Right-wing backers, who regard him as a dove—despite his previous experience as Supreme Commander of Nato—and soft on the troublesome West European allies.

In some ways, Mr Haig is his own worst enemy. There are days when he is impressive for his fluency and his common sense. On other occasions, however, he slurs his words as the famous incomprehensible "Haig-speak" emerges in what seems like a virtually uncontrollable flow.

Mr Haig does not like people putting it about that he has presidential ambitions, although few people in Washington believe that he does not. As Chief of Staff to Richard Nixon in the last months of his presidency, he acted, in a widely used description, as "surrogate president," and there is no evidence that he did not thoroughly enjoy it.

His mentor, Mr Kissinger, the inventor of shuttle diplomacy, gave Mr Haig a rave review in the second volume of his memoirs, published last month. Mr Haig was "strong in crises, decisive in judgment, skilful in bureaucratic infighting, indefatigable in his labours."

He will clearly need all or most of those qualities if he is to succeed in his latest task. It will be an enormous feather in his cap if he succeeds, but it will not necessarily be the end if he fails. Perhaps the best compliment one can pay to Al Haig is that he is the only member of the current U.S. Administration one can envisage having any hope or chance of solving the crisis.

French award big financial concessions to employers

BY TERRY DODSWORTH IN PARIS

M PIERRE MAUROY, the French Prime Minister handed out substantial financial concessions yesterday to employers in an effort to stimulate investment and win the support of private industry.

The measures, which include a pause in the push toward the 35-hour working week, show a significant shift in the Government's economic strategy on policies advocated by employers. At the same time they may alienate trade union support.

Their overall effect will be to shift some costs formerly borne by industry either on to the taxpayer or the consumer.

Signs that French investment has not picked up as hoped in the wake of the recent reflationary boost to consumer spending has added urgency to the Government plans. These include:

- *Reduction of FFr 11bn* (£1bn), spread over 1982-83, in the "taxe professionnelle," a type of local rate levied on the basis of payroll and fixed capital. This is expected to cut industrial costs by about 10 per cent, and will be financed by increases in value-added tax and levies on the banks.
- A freeze on the portion of social security charges carried by industry until July next year. Financing of this change will be through a mixture of economies in spending and a gradual switch of spending for handicapped people to the central budget from the separate social security budget.
- A halt to Government-enforced reductions in working hours until the end of 1983, though industry and the unions could negotiate deals if they wished.

M Yvon Gattaz, the employers' leader, who recently dismissed his meetings with the Prime Minister as "tourist trips," said yesterday that the Government had "made a step" toward meeting the demands of industry.

He added that the concessions were still *insufficient*, and regretted that more short-term measures had not been taken.

The Government moves follow a long campaign by M Gattaz for a reduction in employers' tax and social security costs.

He contends that these are now far higher than for most of France's trading partners, particularly West Germany, and that they have risen by about FFr 90bn this year as a result of higher taxes and the new working hours legislation.

M Gattaz, newly-appointed president of the Patronat, the employers' federation, is regarded as a political moderate. The Government has been concerned in recent weeks to win his backing.

The target of a 35-hour working week by 1985 is still on the Government programme.

But the withdrawal of legislative backing is a clear concession to the *employers' contention* that the recent working week reduction to 39 hours, combined with the grant of a fifth holiday week, has led to a big increase in industrial costs. The Patronat puts the *increase at around FFr 50bn*, and the Government at FFr 12bn.

This move is likely to antagonise the Communist-led CGT union federation in particular. It insists that it is the Government's *responsibility to legislate* on the working hours issue.

Print union holds up publication of free newspaper for Clydeside

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT

THE Society of Graphical and Allied Trades (Sogat) is refusing to produce a new 300,000-circulation free newspaper in what may become the biggest challenge yet over the impact of freesheets on the traditional paid-for Press.

The first editions of the weekly Clyde Post—described by its owners as the largest free newspaper covering a single UK city—should have appeared in Glasgow this week.

Production was prevented by Sogat action. The union's national executive has decided to continue to boycott the newspaper, published by a company owned by Thomson Regional Newspapers.

Mr Bill Keys, general secretary of Sogat, said yesterday: "Free newspapers are hitting the legitimate provincial Press in the same way that the bingo war between popular national newspapers is threatening the future of Fleet Street.

"My executive is taking a very strong line of opposition to this development. It is time to look very closely at the effect which free newspapers are having on the Press."

The Sogat executive decided to maintain its opposition to the Clyde Post in spite of the fact that the publishers have said they are taking legal advice. Sogat is in a strong position to hit the project because in Scotland it represents many grades of print workers throughout the *industry*. *Concern* about the launch of the Clyde Post has also been expressed by the National Union of Journalists.

South of the border, free newspapers take a substantial *proportion* of provincial newspaper advertising revenue with production of at least 15m copies a week, although they are less developed in Scotland. Trade union fears about them include the facts that they often employ far fewer journalists and have much more limited news content than traditional paid for newspapers, and are frequently circulated outside the normal distribution system.

There are also worries that they can sometimes force established newspapers out of business, and this concern is evident in the Glasgow case.

George Outram, publisher of the Glasgow Herald, Evening Times and Sunday Standard, has plans for a rival free newspaper to the Clyde Post, although this is unlikely to appear until the dispute over the Thomson publication is resolved. Some journalists and production workers at George Outram fear that an advertising war between the two freesheets could destroy the Evening Times, Glasgow's only surviving evening newspaper.

Executives who have been preparing the Clyde Post reject the view that their free newspaper will *simply attract* advertising from elsewhere. They say that the vast majority of advertisers who booked space in what should have been the first issue this week had not advertised in other local media in recent years.

The Clyde Post is designed to have six zoned editions, three on either side of the Clyde. Each edition will contain local editorial and advertising, and advertisers will receive discounts based upon the number of zones for which they buy space. Distribution of the newspaper will be in the hands of nearly 1,300 people who will deliver it to homes.

Continued from Page 1

Bank acts

by the end of the day interest rates had come off the top.

Nevertheless, the average Treasury bill rate rose by 0.4172 to 13.1993 per cent, underlining the nervous tone in the markets. The seven-day inter-bank rate ended the week a full percentage point higher than a week ago at 13⅞ per cent and the three-month inter-bank rate moved up to 14 per cent—its highest level for a month and a half.

In the foreign exchange markets the pound fell to a low of $1.7550 at one stage yesterday before closing at $1.7610 for a net loss of just 10 points on the day. Its trade-weighted index as measured by the Bank of England rose 0.4 to 90.3.

Elsewhere in the foreign exchange markets the U.S. dollar lost ground against the German, Swiss and Japanese currencies. However, against the French Franc it equalled its record high of FFr 6.3150.

Continued from Page 1

Chloride

The retained depots will eventually lose the Chloride Gaedor name and will operate as Exide Battery Services within the Chloride Automotive Batteries' network.

The 21 depots will move, existing premises being sold to help bring the net asset value of the total envisaged sales by the group to £10.1m as a result of the whole reorganisation. The complete Chloride Gaedor chain has an asset value of £11m.

The parent group estimates that the reorganisation will produce a loss of £5m. This will show up as an extraordinary item in the results for the year to March 31, due out early in June. The shares closed unchanged at 26p last night.

Last month, Chloride threatened legal action after BL Cars awarded a contract for 500,000 batteries a year to Lucas, its principal competitor in the industry.

Continued from Page 1

Peace move

approach is also believed to have come from Argentina's political parties. Behind the public façade of unity, diplomats say, there has been much equivocation in support for the Argentine Govenment's hard line.

One important factor in the softening of the Argentine attitude has been its lack of success in gaining international support for the military occupation of the islands.

The Argentine economy has been hit by a panic withdrawal of deposits by anxious investors. A number of financial institutions are reported to be close to collapse.

Sr Roberto Alemann, the Argentine Economy Minister, was forced to bow to pressure from the banks yesterday by reducing minimum reserve requirements and doubling their discount margins in a move widely expected to undermine his Government's targets on money supply.

IMF allows India early credit

BY K. K. SHARMA IN NEW DELHI

THE International Monetary Fund has allowed India to make an early withdrawal from its SDR 5bn three-year credit facility to help ease a critical shortage of foreign exchange.

The fund's executive board has approved the immediate withdrawel of a further SDR 300m (about $332m) as the third and last instalment of the first year's SDR £900m.

This is part of the three-year loan from the extended fund facility sanctioned last year, the largest in the IMF's history. The SDR is the Composite Currency unit used by the IMF to denominate its credits.

The last instalment of this year was due to be drawn in June but India's sharply deteriorating foreign exchange reserves forced the government to seek it earlier.

The reserves now stand at just over Rs 30bn (about $3.18bn), or the value of imports over three months. This is considered here to be a critical level.

However, the fact that the IMF agreed augurs well for drawal augurs well for approval of the second year's instalment of the loan. This will be available from June 1982 till May 1983, during which period India can draw another $1.8bn, if the IMF executive board approves.

The board will meet in June to consider a report from an IMF staff team, which is to begin talks on Monday with the Indian government on the performance criteria set for the loan and on the management of the economy. Indications are that the IMF team will endorse the good report made informally after talks were held a couple of months ago with a routine IMF mission.

The two main conditions for the loan were ceilings on the rise in money supply and on non-concessional external loans. The Government has kept well within the limits fixed by the IMF.

The consultations with the IMF next week will be held in the light of the distinct improvement in the Indian economy in the past year. Only the balance of payments position is causing concern, largely because of a record trade gap in 1981-82 of an estimated Rs 57bn.

In the past 12 months, the annual rate of inflation of wholesale prices has dropped to 2 per cent, compared to 16 per cent the year before.

Gross national product increased by more than 4 per cent because of higher industrial and agricultural production. Exports are estimated to have increased by 15 per cent, but imports rose by about 40 per cent, largely due to oil purchases.

The IMF should also be pleased by the structural adjustments in the economy in the past year. These include a considerable liberalisation of imports of capital goods, raw materials and technology, a reduction of subsidies, incentives for investment and a lower budgetary deficit.

Mrs Gandhi in Saudi Arabia, Page 2

BSC asked to delay sale of Redpath

By Maurice Samuelson

THE British Steel Corporation is being asked to delay by one month the sale of Redpath Dorman Long, its heavy engineering subsidiary, to the Trafalgar House Group so that an alternative plan for RDL's purchase by its workforce can be fully explored.

The appeal to the corporation will be made on Monday by one of the nine unions represented at RDL, after being told by its accountants that an employee purchase is "within the bounds of financial possibility."

That was the advice which the Steel Industry Management Association received yesterday from the City accountants Peat Marwick Mitchell, which said it needed a month in which to pursue the matter with one of the four main clearing banks.

Mr Frank Collins, the association's national secretary, said last night that a month in which to determine the feasibility or otherwise of an employee purchase was "really very little indeed." By the end of the time both BSC and RDL would know whether the scheme were feasible. If so, he envisaged the end product as a company in the private sector "maintaining RDL's business expertise, ensuring essential competition and keping its top level management team together."

BSC had a duty to RDL's employees "at least to give the alternative a chance," he said.

At the beginning of April, BSC announced it had agreed to sell RDL for £10m to the Trafalgar House Group, which controls Cleveland Bridge and Engineering. RDL's principal competitor in the UK heavy steel structures industry.

The proposed sale, which has met strong opposition from the RDL workers, is to be discussed at York on Wednesday at a special union delegates' meeting.

Unions object to what they see as the "give-away" price which Trafalgar has offered, the apparent monopoly the sale would create and to the number of redundancies — 600-700 in the first year — which would ensue.

There have also been claims, which BSC has sought to counter, that Trafalger Group's pension rights would be less advantageous than those which RDL's manual workers recently secured.

The proposed sale to Trafalgar is being scrutinised by the Office of Fair Trading, which is expected to decide by the end of the month whether to advise the Trade Secretary to refer it to the Monopolies and Mergers Commission.

Weather

UK TODAY

DRY WITH sunny periods, cloudy in eastern areas.

London, Central, Midlands, N. N.W. and S.W. England and Wales
Dry, sunny periods. Max 14C to 16C (57F to 61F).

S., S.E. and N.E. England and Channel Islands
Dry, sunny intervals, cooler near coasts. Max 11C to 14C (53F to 57F).

Scotland, N. Ireland, Lake District
Dry, sunny periods. Max 9C to 12C (48F to 54F).

Outlook: Mainly dry and warm, cooler in eastern areas.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	15	59	Luxmbg.	S	13	55
Algiers	S	17	63	Luxor	S	35	95
Amsdm.	S	13	55	Madrid	F	15	59
Athens	S	22	72	Majorca	F	15	59
Bahrain		—	—	Malaga	C	16	61
Barcina.	T	10	50	Malta	C	18	64
Beirut	S	22	72	M'chstr	C	14	57
Belfast	C	11	52	Melbne.		—	—
Belgrd.	R	6	43	Mx. C.†		—	—
Berlin	F	14	57	Miami†		—	—
Biarritz	C	29	84	Milan	C	10	50
Bmghm.	C	13	55	Montrl.†	F	7	45
Blackpl.	F	12	54	Moscow	S	9	48
Bordx.	F	15	59	Munich	S	11	52
Boulgn.	S	14	57	Nairobi	C	25	77
Bristol	C	15	59	Naples	C	16	61
Brussels	S	14	57	Nassau		—	—
Budpst.	S	13	55	N'castl.	C	8	46
Cairo	S	32	90	N York†		—	—
Cardiff	C	16	61	Nice	S	15	59
Cas'b'ca	C	18	64	Nicosia		—	—
Cape T.	R	17	63	Oporto	S	16	61
Chicg.†	F	16	61	Oslo	S	14	57
Cologne	C	15	59	Paris	S	16	61
Cpnhgn.	C	11	52	Perth	S	24	75
Corfu	F	20	68	Prague	S	12	54
Denver†	Sn	0	32	Rykjvk.	C	6	43
Dublin	C	14	57	Rhodes	F	24	75
Dbrvnk.	C	16	61	Rio J'o†		—	—
Ednbgh.	C	13	55	Rome	S	16	61
Faro	S	19	66	Salzbrg.	S	13	55
Florence	C	14	57	S'cisco†		—	—
Frankft.	S	15	59	S. Mritz.		—	—
Funchal	C	17	63	Singapr.	C	29	84
Geneva	S	11	52	S'tiago†		—	—
Gibrltr.	C	16	61	Stckhm.	C	9	48
Gl'sg'w	C	13	55	Strasbg.	S	14	57
G'rnsey	S	12	54	Sydney		—	—
Helsinki	R	3	37	Tangier	F	18	64
H. Kong	F	24	75	Tel Aviv	S	22	72
Innsbrk.	S	13	55	Tenerife	C	20	68
Invrnss.	C	11	52	Tokyo	S	21	70
I.o.Man		—	—	T'r'nto†	F	4	39
Istanbul	R	10	50	Tunis	C	17	63
Jersey	S	14	57	Valencia	C	16	61
Jo'burg	F	21	70	Venice	C	14	57
L. Plms.	C	20	68	Vienna	S	13	55
Lisbon	S	17	63	Warsaw	S	10	50
Locarno	R	7	45	Zurich	S	11	52
London	C	15	59				

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

Redland raises the roof

Not even the most fanciful City bookie would have quoted odds on Redland as a possible winner of the Cawoods cup a few days ago. When Cawoods announced that it was holding merger talks earlier this month, it was commonly assumed that the holding in LASMO would attract a field of runners from the energy sector. And, even though the value of the LASMO stake had shrunk to well under half its peak, Redland did not look in the right weight class for so big a prize.

But LASMO has turned out to be a side issue. Under the agreed terms, Cawoods shareholders will be able to exchange a portion of their equity for their company's 9.1 per cent holding in LASMO ordinary shares. Redland will bear the capital gains tax burden up to a price of 330p per share, after which shareholders foot the bill. Both parties are confident that the exchange will not be *treated as a taxable distribution*.

The LASMO element reduces the effective value of the purchase from £137m to £117m, on last night's Redland share price of 161p, down 14p on the day. But *this is still* quite a mouthful for a company which had net debt equivalent to 43 per cent of shareholders' funds in its own balance sheet at the end of last month. On Thursday night, Redland's market capitalisation was £215m.

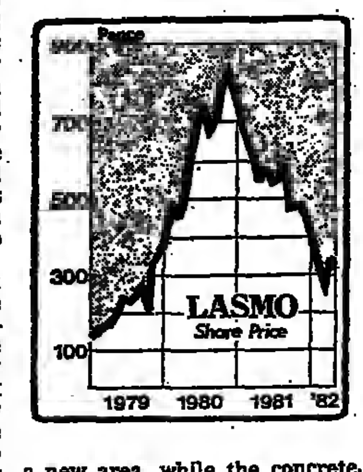
So the deal, which is being presented as a merger, is being done entirely through the issue of Redland paper (a partial and rather unattractive cash alternative has been provided by underwriters). Assuming that Redland can shelter almost all the CGT liability on LASMO, the dilution of net assets per share will be about 15 per cent.

But the earnings dilution should be small, even though Redland's profits already look set for a decent recovery this year. Like other recent takeovers in the building materials sector, this deal carries a substantial ACT bonus: Redland is sitting on £20m of unrecovered tax.

Apart from the tax advantages, the deal makes good sense. Cawoods is a mature, cash generating company with uncertain management succession. It brings with it £10m of cash, together with £16m of leased asset. Borrowings will fall to 27 per cent of net tangible assets in the enlarged group.

Cawoods' fuel distribution division will take Redland into a new area, while the concrete and aggregates operations of the two groups will make a neat geographic fit. Their combined market share will not exceed about 5 per cent in either industry, so there is no obvious competition problem to worry the Office of Fair Trading. But, after the recent flurry of takeover activity in the *building materials sector*, the OFT may want to examine the general state of play.

Index rose 5.9 to 550.7



Markets

For those who think of investment as an exact science it is tiresome to see the mighty gilt-edged market completely in thrall to the ebb and flow of rumour about events 8,000 miles away. While in mid-week the stories emanating from mischief-makers in the foreign exchange markets were generally unfavourable to sterling, by yesterday they had begun to move the other way, and market sentiment moved with them.

Fears that the Falklands expedition might prove exceptionally costly have tended to die down this week; even £500m, after all, is within the margin of error for a single quarter's government borrowing. Fears of political upheaval have receded, for the moment at least, as the Prime Minister's control of the situation seems to have become more secure.

But worries about upward pressure on interest rates transmitted through the exchange rate refuse to die down, especially since dollar interest rates have been moving upwards. Yesterday morning interbank rates in London moved above 14 per cent almost throughout the maturity spectrum. And although the Bank of England, when dealing in very short bills for the first time in nearly a *fortnight*, actually dropped its intervention rate (the money market yield curve has changed shape completely in the last 10 days) the City remained very windy as the Treasury bill tender approached.

The Bank took the unusual step of cutting down the tender, allotting only £60m of the £100m of bills originally on offer. Even so, the average bill rate rose from 12.8 per cent to 13.2 per cent; had the Bank allotted the full £100m, the rate would presumably have been a good bit higher. The topping of the tender was a clear enough signal that the authorities saw no reason for a rise in rates, and the money markets ended the day in a calmer mood: rumour did the rest.

Chloride

Earlier rounds of retrenchment proved inadequate at Chloride, and yesterday the company announced that it was pulling *out of car replacement* parts distribution and planning to sell 49 of the 70 depots operated by Chloride Gaedor. A couple of years ago Gaedor was a lively earnings contributor, but the operating loss is currently *running* at the rate of £2m a year. So there is a strong chance that Chloride will obtain less than the £10.1m book value in a sell-off—possibly to management. On top of any shortfall here, the balance sheet will have to bear £5m or so in reorganisation costs, which will be mostly cash items.

The announcement comes hard on the heels of BL's decision to switch to single sourcing for batteries—and Lucas rather than Chloride. So much for Sir Michael Edwardes' chances of returning to Chloride. In the original equipment market the company is now dependent on Ford, which has been stepping up its imports. Meanwhile the pick up in the replacement market at the beginning of the year, due to the bad weather and rail dispute, has petered out, and price competition is as tough as ever.

So Chloride's profits for the year just completed are likely to be negligible, and net debt may have moved back up to 100 per cent of shareholders' funds, in spite of the rights issue. With more disposals on the cards, the purchase of a 15 per cent stake by CRA is the main bolster for the shares, unchanged yesterday at 26p.